



# ***JPRS Report***

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**Shandong's Eighth Five-Year Plan, 10-Year Program**

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[Article: "Report on the Outlines of Shandong Province's 10-Year Program and Eighth Five-Year Plan for Economic and Social Development"; given by Governor Zhao Zhihao on 16 April at the fourth session of the Seventh Provincial People's Congress]

**[Text] Deputies:**

On behalf of the provincial people's government, I will give a report to this session on the outlines of the 10-Year Program and the Eighth Five-Year Plan for the economic and social development of Shandong Province for discussion. Members of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], and other comrades attending this session as nonvoting delegates, please give your opinions also.

Based on the three-step strategic plan for China's economic construction as defined by the party Central Committee, the provincial government began studying and formulating the 10-Year Program and the Eighth Five-Year Plan in May 1989. We conducted in-depth investigations and study; made the best use of the achievements in the strategic research on the economic and social development in the past many years; solicited the opinions of cities, prefectures, and departments on many occasions; gave reports to the State Planning Commission and other pertinent departments; and held conferences for experts to give consultation and appraisals. After the Seventh Plenary Session of the 13th Party Central Committee, we made some revisions in line with the guidelines of the plenary session, and solicited the opinions of various democratic parties. The 10-Year Program and the Eighth Five-Year Plan of the province were discussed and approved in principle at the Sixth (enlarged) Plenary Session of the Fifth Shandong Provincial CPC Committee. Recently, we again made efforts to coordinate the province's 10-Year Program and Eighth Five-Year Plan with that of the state. The draft of the Outlines of the 10-Year Program and the Eighth Five-Year Plan for the Economic and Social Development of Shandong Province has been printed and distributed to you, deputies. Please also discuss it.

**I. A Review of the Economic and Social Development during the Past 10 Years and the Seventh Five-Year Plan**

Under the correct leadership of the party Central Committee, the State Council, and the Shandong Provincial CPC Committee, in the past 10 years the people throughout the province conscientiously implemented the line, principles, and policies established since the Third Plenary Session of the 11th Party Central Committee. They upheld the "one central task and the two basic points," united as one, worked hard, devoted themselves to the socialist modernization drive, and

attained significant achievements in the economic, political, social, and other fields. In these 10 years, we eliminated the adverse influence created by the Great Cultural Revolution, solved many problems left over by history, set wrong guidance and ideology right, effected a strategic change in the work focuses, and consolidated and developed a stable and united political situation. Guided by the theory of building socialism with Chinese characteristics, we persistently promoted the two civilizations simultaneously; strengthened the socialist spiritual civilization, democracy, and the legal system; actively facilitated structural reform; worked to open wider to the outside world; and created a new situation of vigorous development in all our undertakings.

In 10 years, we successfully fulfilled the sixth and seventh five-year plans, and notably increased our economic strength. In 1990, the province's GNP reached 130.7 billion yuan, a 162 percent increase over that in 1980, when calculated in comparable prices and figuring an annual increase of 10.1 percent; the national income came to 111.8 billion yuan, an increase of 164 percent over 1980, figuring an annual increase of 10.2 percent; the gross value of industrial and agricultural output was 284.5 billion yuan, an increase of 268 percent over 1980, figuring an annual increase of 13.9 percent; and local revenues totaled 11.57 billion yuan, an increase of 140 percent over 1980, in terms of comparable standards and figuring an annual increase of 9.2 percent. In addition to the increase in total supply and demand, the economic quality and the average per-capita output of products were also greatly raised. Per-capita GNP totaled 1,548 yuan, and the rating rose from 16th to 11th in the country.

In these 10 years, agriculture and industry developed steadily, the circulation of goods was expanded continuously, and the major ratios became more rational. The unitary way of operation in the rural economy was changed into diversified operation, and farming, forestry, animal husbandry, sideline production, and township enterprises developed comprehensively. In 1990, the province's gross value of agricultural output came to 64.75 billion yuan, registering an annual increase of 6.9 percent. Grain output rose from 23.8 billion kg to 35.7 billion kg, making two steps upward; and the output of cotton and peanuts also rose substantially.

A new force of township enterprises suddenly came to the fore, making great contributions to national economic development. Township enterprises across the province arranged jobs for 9.44 million rural laborers. The annual average output value of township enterprises increased at a progressive rate of more than 30 percent and reached 112.25 billion yuan. Of this, the industrial output value of township enterprises totalled 93 billion yuan, accounting for 42 percent of the province's gross value of industrial output. Industrial production increased steadily; the ratio of light and heavy industries was readjusted; and the international structure was rationalized. The original value of fixed assets of industrial enterprises implementing independent accounting

reached 114.8 billion yuan. The province's gross value of industrial output totalled 219.77 billion yuan, increasing at an annual average progressive rate of 16.4 percent. The circulation channels were further broadened, commodities were abundant, and the market was brisk. Social retail sales of commodities across the province were valued at 57.04 billion yuan, increasing at an average annual progressive rate of 14.5 percent. Banking undertakings played an important role in economic development. The total balance of savings deposits of various descriptions throughout the province reached 93.41 billion yuan, and the total balance of loans reached 116.77 billion yuan. Insurance undertakings were rapidly developed.

During the past 10 years, the basic industries and infrastructure facilities were strengthened, thus accumulating momentum for further development. The completed social investment in fixed assets totalled 212.7 billion yuan. Of this, 153.2 billion yuan was invested during the Seventh Five-Year Plan, exceeding the total sum of 35 years ago. This investment was used to build 48 large and medium-sized projects, which increased the production capacities in raw coal, crude oil, power output, ethylene, and soda ash. The new railways in operation, the highways in use, the port handling capacity, and the volume of long-distance telephone lines and urban telephone switchboards all entered a new level. A good start was made in local railway transport and aviation, and the urban outlook and investment environment showed new improvements. The pace of technological transformation was accelerated. During the past 10 years, 29.4 billion yuan was invested in technological transformation, to complete more than 20,000 projects, update and upgrade 126,000 sets of facilities, and build 1,800-odd advanced production lines. About 60 percent of enterprises improved to varying degrees.

During the past 10 years, the opening to the outside world was unceasingly expanded, and noticeable achievements were made in the export-oriented economy. The peninsula development zone included 40 percent of the province's areas and population. The total export commodity purchasing volume exceeded 100 million yuan in 20 percent of the province's counties. In 1990, the province's total export volume reached \$3.48 billion, showing an annual average increase of 7 percent. We approved the establishment of a total of 934 foreign-invested enterprises, 1,131 projects involving "the three forms of import processing and compensation trade," and actually used \$760 million of foreign capital and \$1.75 billion of foreign loans. Qingdao and Yantai economic and technological development zones began to yield benefits. The coastal open city, the peninsula open zone, and an inland multilayered open pattern took initial shape.

During the past 10 years, universal attention was paid to scientific and technological education, and new progress was made in all sorts of social undertakings. By reforming the scientific and technological system and implementing the policy of "relaxing two restrictions" in

the scientific and technological sector, vast numbers of scientific and technical workers went deeply to the main battlefield of economic construction. We achieved 1,300-odd major scientific research findings and strengthened the popularization and application work. Scientific and technological progress made increasingly important contributions to economic growth. Educational investments increased; teaching conditions gradually improved; the educational structure was readjusted; and educational quality was further enhanced. A great number of personnel was trained for economic construction. In 1990, total student enrollment in ordinary schools of higher learning showed an increase of 110 percent over 1980; enrollment in ordinary secondary specialized schools increased 120 percent, and in secondary or higher adult educational schools it increased 530 percent. The rate of school-aged children entering school reached 98.6 percent. The cultural, public health, sports, press, publication, radio, television, Overseas Chinese affairs, and minorities, religious, civil affairs, archives and historical undertakings, as well as undertakings concerning the aged people and national defense were further developed.

In 10 years, the income of urban and rural people increased by a large margin, and their quality of life improved notably. The long-standing problem of providing sufficient food and clothes to people was by and large solved, and some people began to march toward a fairly comfortable life. In 1990, urban people's per-capita cost of living income was 1,408 yuan, and peasants' per-capita net income was 680 yuan, increasing by 240 percent and 220 percent respectively over 1980. When allowing for price rises, the consumption level of urban and rural people rose on average by 5.2 percent annually. The value of urban and rural people's savings deposits totaled 57.55 billion yuan, the per-capita living space increased nearly 100 percent, and 2.345 million people in urban areas were provided jobs. Social welfare developed continuously. Family planning, land management, and environmental protection work began to be managed according to law. Initial success was won in checking the inordinately large population growth, the net rate of decrease in cultivated land declined, and new progress was made in comprehensively improving the environment.

In 1990, focusing on the two major tasks of stabilizing and developing the economy, governments at all levels conscientiously carried out economic improvement and rectification; continued to deepen reform; implemented the various resolutions of the Third Session of the Seventh Provincial People's Congress; persistently promoted the material civilization and the spiritual civilization in line with the principle of simultaneously achieving stability and giving encouragement and simultaneously exercising control and developing; overcame numerous difficulties; and facilitated economic and social development. Compared with 1989, GNP grew by 5.3 percent, the national income by 5 percent, the gross value of industrial and agricultural output by 11.9 percent, exports by 13.5 percent, and local revenues by 6.9

percent. A balance between revenues and expenditures was achieved, and the general retail price index was 1.8 percent, which was 15.3 percentage points lower. By then, most of the major quotas of the Seventh Five-Year Plan put forward at the Fourth Session of the Sixth Provincial People's Congress were fulfilled or overfulfilled, except those for exports and peanut production. The GNP was 108.4 percent of quota, national income was 108.3 percent, the gross value of industrial and agricultural output was 149.7 percent, local revenues 115.7 percent, and commodity retail sales 122.1 percent of quota.

Reviewing the 1980's, we not only achieved the first 100-percent increase in GNP three years ahead of schedule, but also laid a fairly solid foundation for attaining the second-step strategic objective. These 10 years may be regarded as a period with fruitful achievements on various fronts, a period in which productive forces developed most quickly, urban and rural features experienced the greatest change, people gained the greatest amount of practical benefits, and a period in which the province registered the best economic and social development.

Deputies, the historical change in our province's economic and social undertakings in the past 10 years fully manifested the superiority of the socialist system, and it was the result of the people's conscientious efforts to implement the line, principles, and policies laid down since the Third Plenary Session of the 11th Party Central Committee. In the unusual 10 years, the vast number of the province's workers, peasants, intellectuals, and cadres maintained the high morale of being fearless of difficulties and unwilling to lag behind either in the political storm or in face of grave difficulties. They worked conscientiously and diligently, and made positive contributions. The People's Liberation Army and the armed police forces stationed in Shandong, and militiamen and reserve forces made new contributions to defending the safety of the country and supporting local construction. All the people's organizations played their role as a bridge and carried out a great amount of work. The various democratic parties and patriotic personages actively participated in and discussed the administration of state and government affairs and suggested ways and means for reform and construction. Hong Kong, Macao, and Taiwan compatriots and overseas Chinese showed deep concern for and vigorously supported the construction of their homeland. Here, on behalf of the provincial people's government, I will extend heartfelt gratitude to the people of various nationalities and various social circles throughout the province who made positive efforts in Shandong's development, and who exercised effective supervision over and gave great support to the government work!

Fellow deputies, the summation of the basic theories and basic practice on building socialism with Chinese characteristics given by the Seventh Plenary Session of the 13th Party Central Committee completely conformed with the province's situation. In the past 10 years, in

order to better combine the central line, principles, and policies with Shandong's reality, the people have unceasingly emancipated their minds, renewed their concepts, carried out positive explorations and practice, accumulated both positive and negative experiences, and further enhanced their understanding of the law governing socialist modernization construction, reform, and opening up. We formulated the strategic principles of "opening up the eastern part of the province, developing the western part, and combining the eastern part with the western part in order to achieve common development," and of "developing Shandong through science and technology." We formed the guidelines of strengthening the sense of per-capita, and on simultaneously grasping "two kinds of production." We implemented the work method of proceeding from reality, promoting strong points, avoiding shortcomings, displaying superiority, and giving different guidance. These development strategies and specific ways which embodied the wisdom and creativity of the people across the province have already given, and continue to give, a tremendous impetus to accelerating the process of making the people rich and Shandong prosperous. They required us to conscientiously sum up and continuously uphold and promote them in the future.

A. We attached prime importance to agriculture and strengthened the national economic foundation. Agricultural stability would result in a stable overall situation. Over the past years, one of the important reasons for the province's economic, political, and social stability was that the whole province, from the higher to the lower levels, never relaxed its efforts in agriculture, boosted the efforts of all sectors to carry out large-scale agriculture, made the rural economy grow more commercialized, serialized, and modernized, and kept a stable development. Through years of practice, we explored ways to correctly handle three relations in the rural economy under the motivation of reform. We also exerted efforts to realize a three-layered, well-rounded economic cycle. In the farming industry itself, we corrected the relations between grain and cash crops. Under the premise of guaranteeing a stable increase in grain, we actively developed cash crops, using grain production to guarantee cash crops, and using cash crops to promote grain production. In agriculture itself, we correctly handled the relations among farming, forestry, animal husbandry, and fisheries; proceeded from reality; carried out agriculture, forestry, animal husbandry, and fisheries where suitable; promoted the development of all undertakings; made particular efforts to actively develop animal husbandry; and used agriculture to promote animal husbandry, and used animal husbandry to uphold agriculture. In the rural economy, we correctly handled the relations among the primary, secondary, and tertiary industries; considered township enterprises as a strategic emphasis in the development of the rural economy; combined the development of township enterprises with that of village-, household-, and family-run enterprises; paid simultaneous attention to agriculture, industry, commerce, transportation, and the building industry;

promoted comprehensive prosperity in the rural economy; and laid a foundation for developing the national economy.

B. We promoted strong points and avoided shortcomings in industrial development, and improved the economic structure. We broke with the years-long ideological concept of "enterprises being large in scale and complete in structure, and small in scale and complete in structure." We proceeded from the provincial situation; displayed superiority, promoted strong points, and avoided shortcomings under the state guidance of macroeconomic regulation and control; and we found five ways to develop industry. We concentrated human, financial, and materials resources on building key projects. We strengthened basic industries and infrastructure facilities; improved the weak situation in basic industries; and intensified the comprehensive and supporting capacity for industrial development and the momentum for economic development. We readjusted the industrial structure, "used heavy industry to guarantee light industry and light industry to uphold heavy industry," accelerated the development of light industry, strengthened the market commodity supply and accumulation of funds, and enabled light and heavy industries to embark on the path of mutual promotion and coordinated development. We firmly grasped technological progress, stressed the importance of relying on technological transformation and tapping internal potential in the course of production development, enhanced efficiency, and stressed new technology in the course of industrial development. We displayed the role and radial function of central cities, used cities to promote townships, combined urban and rural efforts, accelerated the integration of the urban and rural economies, made urban industrial units concentrate their efforts on entering a new level and improving themselves, opened up new development spheres, and enabled rural industry to receive support from cities and to rely on the efforts of cities to accelerate its development. We rationally adjusted the regional distributions of productive forces, displayed the superiority of various localities, paid attention to ending the historically formed situation of an imbalance in regional development, and promoted a rational economic distribution in the whole province.

C. We deepened reform, opened wider to the outside world, and made continuous efforts to invigorate our economic and social development. We firmly took reform as a powerful force motivating the modernization drive, and promoted the development of productive forces by resolving the contradictions between productive forces and production relations. The fairly rapid economic and social development of the province in the past 10 years should be attributed to reform and opening up. In rural areas, we popularized the household contract responsibility system, gradually established the dual management system whereby unified management is combined with independent management, developed the collective economy, established the socialized service

system, and promoted the integration of agricultural and industrial production with commerce. In urban areas, focusing on the central link of invigorating large and medium-sized enterprises, we persisted in and improved the director (manager) responsibility system and the contracted managerial responsibility system, and carried out supporting reforms. When fluctuations appeared, we announced publicly and in a timely manner that effective basic policies and important reform measures would not be changed or recalled. We paid attention to strengthening and improving macroeconomic regulation and control, and delegated appropriate power to lower levels to boost the enthusiasm of all quarters and levels, thus achieving initial success in establishing an environment good for regional economic development. We considered opening up a strategic measure for rejuvenating Shandong's economy, opened up to both foreign countries and other provinces, adopted various measures to expand the propaganda toward foreign countries and to expand the channels for exchanges, improved the investment climate, accelerated the development of the export-oriented economy, actively developed lateral ties with other provinces, municipalities, and regions, and used international and domestic markets and resources to enhance our ability for self-development.

D. We correctly handled the relationship between stability and development, used the former to ensure the latter, and achieved the former through the latter. To maintain stability and development is an important guiding thought, and also a prominent characteristic of the economic and social development of the province. We regarded stability in politics, society, and popular feeling as the basic prerequisite for economic development, regarded economic development as an important foundation for stabilizing politics and society, and emphasized the effort to gear all our work to the needs of economic construction, which was the central task. In line with the internal requirement in economic development, we handled the relationship between growth rates and efficiency, between macroeconomic management and microeconomic flexibility, and between economic improvement and rectification and deepening reform. While making efforts to check the overheated economy, we followed the arrangements of the central authorities to make timely adjustments and carry out economic improvement and rectification, and also to maintain proper growth rates in order to avoid inordinately large economic fluctuations resulting from the sudden application of the brakes. We strove to overcome the tendency of over-anxiety for quick results and myopic action, and emphasized combining current development with efforts to increase capacity for sustained development in order to maintain steady economic development.

E. We united as one, and maintained the mental attitude of going all out to make progress. A spiritual force may be transformed into a tremendous material force. In the past 10 years, we conquered successive and frequent natural disasters, such as serious drought; shortages of

funds, energy resources, and important raw materials; inordinately large price hikes; shortages of commodities; and market sluggishness. What did we rely on to conquer these difficulties? A very important factor we relied on was the devotion to the modernization drive displayed by people throughout the province, who neither evaded contradictions nor lowered their morale in face of difficulties, but went all out to make progress and worked in coordination. Under the leadership of party committees at all levels, new and old comrades made concerted efforts; the several major leading bodies united as one; party, government, army authorities, and the people worked with one heart and one mind; and mass organizations and democratic parties actively participated in and discussed the administration of state and government affairs. They established powerful coordinated forces to make the people prosperous and to develop Shandong. Such a good mental attitude was a source of strength for us in overcoming difficulties and succeeding.

F. We strengthened the construction of socialist spiritual civilization and guaranteed an accurate orientation of modernization. Socialist spiritual civilization is an important content of modernization, as well as an important guarantee for the construction of a material civilization. The province has focused on this issue and has carried out ideological and political work in line with the economic construction for many years. Particularly since the Fourth Plenary Session of the 13th Party Central Committee, we drew both positive and negative experiences; vigorously strengthened the socialist spiritual civilization with ideological and political work being its main content; and gradually changed the situation of paying more attention to material civilization and less attention to spiritual civilization. Governments at various levels successively conducted education on adhering to the four cardinal principles and opposing bourgeois liberalization, and on basic Marxist theory, patriotism, collectivism, socialism, and revolutionary traditions. They launched extensive activities on learning from Lei Feng, Jiao Yulu, and Iron Man, and carried forward the Yimeng spirit. We adopted various forms to enrich the masses' sparetime cultural activities and to occupy the cultural front with socialist ideologies. Through the socialist ideological education conducted in rural areas last winter, the vast number of peasants and grassroots cadres upgraded their socialist awareness. This successfully promoted the progress of the work in the rural areas.

G. We administered the province according to laws and promoted the construction of socialist democracy and legal system. There must be a stable social environment for both reform and development. The governments from higher levels downward regarded legal administration as an important measure for stabilizing the economy, politics, and society. They conducted intense propaganda and education on democracy and legal system, and strengthened the enforcement of laws and the local legislative work. Governments at various levels

consciously accepted the legal supervisions by the people's congresses and the democratic supervision of CPPCC organizations, made efforts to handle the suggestions and motions made by deputies and CPPCC members, paid attention to handling visitors and incoming letters from the masses, and carried out the system of making public affairs visible to the public. In 1990, all government departments across the province launched the yearly campaign of legal administration. All people in the province, particularly leading cadres, further upgraded their sense of the legal system and their awareness of administering the province according to law. Over the past years, we persistently conducted various activities to deal strict blows to various serious economic crimes and criminal offenders, intensified the overall improvement of social order, waged a large-scale struggle against "pornography" and the "six vices," and consolidated and developed a stable social environment.

H. We respected people's pioneering spirits and narrowed the relations between the governments and the people. Getting the opinions of the masses and referring them back to the masses is our fine tradition and fundamental work line. Over the past years, governments at various levels across the province focused on going deep to the reality. They conducted investigations and study; discovered and summed up the explorations and creations made by the masses and the grassroots in practice; popularized a series of advanced experiences concerning deepening rural reforms, developing the commodity economy, strengthening the improvement of administrative honesty, building grassroots organizations, and developing science, technology, and education gained by Zhucheng, Laiwu, Tancheng, Changle, Zhaoyuan, Rongcheng, Shouguang, Laixi, Yucheng, and Pingdu. Governments relied on typical cases to lead the way, and promoted the construction of the spiritual and material civilizations. Governments at various levels persisted in serving the people wholeheartedly, changed their work style, and sent a large number of cadres to the grassroots. These cadres learned from the masses and the grassroots, tried to upgrade the level of policy decisions, eliminated worries and difficulties for the masses and the grassroots, and tempered themselves by working at the grassroots on a contracted basis. We focused on and strengthened the improvement of administrative honesty, set up and perfected various systems, summed up and commended advanced experiences, punished the corrupt, and strictly investigated and handled such unlawful and undisciplined cases as engaging in corruption and bribery and abusing power for selfish ends. Governments at various levels enhanced their cohesive power and appeal by upgrading their own quality and narrowing their relationship with the masses.

Fellow deputies, in reviewing the development achieved in the province's economy and society over the past 10 years, we have acknowledged the achievements and summarized the experiences in a way of seeking truth from facts. We have found that such a review is favorable for encouraging the fighting will, enhancing confidence, and continuously making progress. Meanwhile,

we have clearly seen that the province's work still lags behind when compared with the demands set by the CPC Central Committee, the State Council, and the people of the province, as well as with that done by our fraternal provinces, municipalities, and autonomous regions. Our work still has many shortcomings, and the province will encounter many difficulties as it advances along the road. Prominent manifestations in this regard are as follows: First, the province's agricultural foundation is still weak; its ability to combat natural disasters is poor; and its circulation links, such as in agricultural production and the purchase, sales, storage, and transportation of farm products, are not suited to development of the economy and society. Second, the province's economic results are poor; its progress in readjusting the industrial internal structure, product mix, and organizational structures of enterprises is not rapid; its characteristic of a low technical level, extensive management, and low product quality has not improved; and its problems with regard to overstocked ready-made products and a blocked economic cycle have not been totally dealt with. Third, the province's infrastructure development has lagged behind, its commodity circulation is not smooth, its standard of scientific and technological education is not high, and its tertiary industry is not suited to the overall economic and social development. Fourth, the province's pace in opening to the outside world is not rapid, its measures in this regard are not effective, its increased scale of total exports is lower than the national average, its scope of utilizing outside funds is not large, and its starting point of introducing outside technologies is not high. Fifth, the province's population is increasing, its farmland decreasing, its environment is being polluted, and its water resources are in short supply. All of these have restricted the province's economic and social development. Sixth, the province has incurred the overheated phenomenon in developing the economy, its financial and material sources are scattered, its waste phenomenon is serious, it suffers a weakness both in macroeconomic readjustment and control as well as in microeconomic vitality, and its tasks for deepening the reform drive are very arduous. Seventh, the province has once had the "problem" of vigorously grasping economic construction on and also of conducting ideological and political work perfunctorily, its ideological and political work is somewhat weakened, its cultural life is not rich and lively, out-dated habits still exist in some localities, some hideous phenomena in this regard have revived, and its society still has some unstable factors. There are multiple reasons for the aforementioned problems and phenomena. Except for those affected by objective conditions and the macroclimate, judging from the results scored in a self-examination of governmental work, the major reasons for the problems are as follows: In the course of transforming the traditional product economy into a planned commodity economy, ideology has not been sufficiently emancipated; the sense of conducting reform and creating something new, of opening to the outside world in an overall way, of increasing economic results and improving product quality, are not strong; there is still attention paid to the speed of economic

growth, to establishing economic associations with outside places, as well as to playing down economic results and tapping internal potential; and the people's sense of enforcing the planned commodity economy has not been fostered well. In directing the work, there are many arrangements for inspection and few for investigation; the implementation of these arrangements is not carried out enough; certain policies issued by the state have not been implemented totally and are not satisfactorily in line with the actual situation; and problems concerning the overly heavy burdens of peasants and enterprises have not been dealt with enough. The problem of excessive meetings and documents has also not been solved effectively. In conducting the work, the phenomena of bureaucratic formalism and liberalism, such as shifting responsibility on to others, disputing over trifles, and not being responsible for the people, still exist; and work efficiency and service quality is not high. In enforcing the law and discipline, some measures are not strict; some corrupt phenomena still exist; and malpractices have not been dealt with realistically. We should attach high importance to these problems, adopt an earnest attitude toward them, and adopt effective measures to earnestly improve them when enforcing the 10-Year Program and the Eighth Five-Year Plan.

## II. The Combat Target and Guiding Ideology for Economic and Social Development For the Next 10 Years and the Eighth Five-Year Plan

The 1990's is a new development period for upgrading quality in an overall way and fulfilling the second-phase strategic target, based on realizing a considerable scale and level in the economic balance. It will also be a period for laying a solid foundation for realizing the third-phase strategic target in the middle of next century. Defining the major tasks of the coming 10 years, formulating the blueprint of encouraging the province's people to go all out to make progress, and concentrating all forces to boost the national economy have an important bearing on building socialism with Chinese characteristics and on making Shandong's people wealthy and making the province flourish.

Based on the three-step strategic plan for the modernization drive and the actual foundation of Shandong, the general tasks of the economic and social development of the province for the next 10 years are to achieve, ahead of schedule, the second 100-percent increase in GNP and a fairly comfortable life for the people, based on greatly improving economic efficiency and optimizing the economic structure; and to make the growth rates in economic development and efficiency higher than the national average, the natural population growth lower than the national average, upgrade the quality of economic and social development as a whole to a new level, lay a solid foundation for attaining the third-step strategic objective, and make due contributions to the modernization of the country.

Based on an analysis of historical development and the current foundation, and an overall consideration of

needs and possibilities, the draft "outlines" suggest the major quotas of the 10-Year Program and the Eighth Five-Year Plan as an annual increase of 7 to 8 percent in GNP, 3 to 4 percent in agricultural output value, 8 to 10 percent in industrial output value, 11 percent in increased value of tertiary industries, 6 to 7 percent in local revenues, 12 percent in total commodity retail sales, and 9 to 11 percent in exports. The outlines also suggest that the production equipment should be renovated in more than 50 percent of existing enterprises; the major economic and technical norms of 60 percent of the major industrial goods should reach the world level of the 1980's; per-capita labor productivity of industrial enterprises should increase by an average of 4 percent annually; overall energy consumption per 10,000 yuan of GNP should decline by 3 percent annually; the number of students in regular schools of higher learning should increase to 150,000; the natural growth rate of the population should stay within 10 permillage; and the actual consumption level of the people should rise by 4 percent annually.

When the aforementioned quotas are fulfilled, Shandong will further enhance its economic strength, notably improve its economic efficiency, further rationalize its economic arrangements, optimize its production setup, achieve a new breakthrough in opening to the outside world, enable its scientific and technological advancements to contribute more to economic development, notably upgrade its labor quality, improve the ecological environment, comprehensively raise people's material and cultural living standards, and create a brand-new situation characterized by more vigorous economic development and progress in all fields of society.

An annual increase in GNP of 7 to 8 percent over the next 10 years, which is higher than the national average, is a figure fixed after repeated appraisals. This figure is optimistic, and has some leeway. When this quota is fulfilled, we will be able to achieve the second 100-percent increase ahead of schedule. Premier Li Peng pointed out that a 6-percent average annual growth rate for the country over the next 10 years is a fairly proper figure, and that the growth rate may be higher in some localities and lower in others. As a coastal province with fairly high economic development, Shandong also has the conditions to contribute more to the country's economic development. In the four decades since the country's founding, the province's average annual increase in agricultural output value was 4.9 percent, in industrial output value it was 13.8 percent, in national income it was 8.6 percent, and in GNP more than 8 percent. From 1981 to 1990, its average increase of GNP was 10.1 percent. According to an analysis of trends in economic growth, development in the next 10 years cannot be too slow. However, in order to avoid too tight arrangements for all fields and concentrate efforts on comprehensive improving economic efficiency and economic quality as a whole, it is necessary to set the average annual increase at an amount lower than the average figure over the previous 10 years and over the previous 40 years. As a

comprehensive norm, GNP is calculated according to net output value. Its growth rate is decided both by the growth of industrial and agricultural production and by technological progress, the reduction of material consumption, the improvement of labor productivity, and the development of tertiary industries. Therefore, growth in GNP is more difficult to achieve than growth in industrial and agricultural output value, and the demand on it is still higher.

In the next 10 years of economic development, we should not only increase the overall economic balance, but more importantly, we should achieve a fairly high efficiency. The draft outlines proposed that the aim of raising the whole province's economic efficiency higher than the national average is to develop the economy by having small inputs that give high yields, and by marching towards a well-rounded cycle. If we fail to push economic efficiency forward, of making the economic growth rate higher than the national average will lose its practical meaning. Therefore, we must strengthen the sense of efficiency among people across the province, exert efforts in the macroeconomic and microeconomic sectors, strengthen economic management, accelerate technological progress, realistically shift economic work towards raising efficiency, and realize various economic efficiency targets proposed in the draft outlines.

The draft outlines stressed enhancing the average per-capita level. This is because the target of becoming comparatively better-off includes a sense of per-capita within itself. Using the average per-capita target to judge the level of well-being can exactly reflect the economic strength and quality. This has set higher demands on the quantity and quality of our work, and in material production and population control. Shandong ranked first in China in the major target of economic balance. However, many of its per-capita targets are at a medium level, and some are even at a low level. This situation must be changed. In accordance with the existing base and the trend of per-capita increase, enhancing the average per-capita level is a more arduous task than increasing the economic balance. Only by pushing the economic efficiency and growth rate forward and by dropping the population growth rate can we guarantee the task is met.

Realizing the tasks set in the draft outlines will involve lots of difficulties. But there are many favorable conditions. We must be full of confidence because the blue print and program of action for the next 10 years of development set by the state have given us the direction in which to advance; after the building of the country, particularly since reform and opening up, we have accumulated both positive and negative experiences, formulated development strategies and policy measures that match Shandong's reality, established a fairly strong material and technological foundation, and created economic development conditions better than in any previous period; through economic improvement and rectification and deepening reform, we have noticeably improved the economic environment and order,

improved the economic structure, further enhanced the vitality, witnessed social stability and unity among the province's people, and further boosted people's enthusiasm for building socialism. Despite the changing international situation, we can still have a longer time for fully displaying the superiority of opening up the coastal areas, using international markets more fully, bringing in foreign capital and technology, and concentrating more on our own affairs. Certainly, while recognizing the favorable conditions, we should also pay attention to existing, and possibly unfavorable, factors. In addition to the difficulties restricting our development that are mentioned above, we must also consider the influence of the international situation and changes in the domestic market, and fully estimate the contradictions and problems that emerge while deepening reform, and the new difficulties that occur because our subjective understanding cannot keep pace with the development of the objective situation. In our road of advancement, we must not be blindly optimistic or hesitant. As long as we fully use the favorable conditions, promptly overcome the unfavorable factors, and work in a down-to-earth manner, it is possible for us to realize all planned targets.

To successfully carry out the next 10 years of work, we must uphold the ideological line of seeking truth from facts, unswervingly follow the road of building socialism with Chinese characteristics, act in accordance with the basic guiding principles set by the central authorities, and in connection with Shandong's reality, follow the following guiding ideologies:

A. We should persist in focusing on improving economic efficiency, and develop the economy in a sustained, stable, and coordinated manner. This is a valuable experience for which we have paid dearly, and also is the internal requirement in economic development. In our future development, we should proceed from reality, do our best according to our abilities, and avoid overanxiety for quick results and large fluctuations. The purpose of stressing economic stability is to achieve sustained and coordinated development. Developing countries should become prosperous and strong through development. Only when the economy is promoted can the socialist system fully manifest its superiority. The purpose of development is to increase the national strength and improve people's living standard. This requires realistic efficiency, instead of pursuing quantity alone. We should persist in the unity between stability and development and between growth rates and efficiency, make active and continuous efforts to achieve an overall balance, arrange the major ratios in the economy, improve quality and efficiency through technological progress, blaze a trail of economic development that requires less investment and material consumption, and creates more output and efficiency, and strive for better and faster results in the province's economic development. This should be done on the basis of continuously improving the quality of the economy as a whole.

B. We should persist in reform and opening up. Reform and opening up are the only road to making the country

strong and the people prosperous, and to developing Shandong. We should unswervingly promote reform if we are to attain the strategic objectives for the future, eliminate the defects in the economic structure, and resolve the deep-seated contradictions in our economic activities. The purpose of reform is to liberate and improve productive forces. All policy measures that have proven conducive to boosting the enthusiasm of all quarters and to the development of productive forces should be continued, stabilized, and gradually improved by providing them with supporting measures. New explorations should also be conducted to continuously deepen reform. We should adhere to the socialist orientation for reform. Before major reform measures are put into effect, experiments should be done. We must consider the possibilities of the economic environment and the ability of various fields to support reforms, so that they can be more effective. Opening to the outside world is a basic national policy. Socialist modernization cannot be divorced from the world, and no country or nation can develop in a healthy manner behind closed doors. To achieve new development in its economy in the next 10 years, the province should further implement the strategy for the economic development of coastal areas, have more courage and initiative in opening wider to the outside world, properly handle the relationship between self-reliance and opening to the outside world, enhance its capacity for self-development, promote exchanges and cooperation with foreign countries, and accelerate the development of the export-oriented economy.

C. We should persistently develop Shandong through the application of science and technology and the promotion of education. Competition in the economy is, in essence, the competition in technology and trained personnel. The development of the economy and the improvement of its quality is ultimately decided by scientific and technological progress and improvement in labor quality. This is not only because science and technology are the first productive forces, and anyone who masters advanced technology will gain the initiative, but also because the province's financial resources, and some others as well, are relatively insufficient, and its road will be increasingly narrowed if it relies mainly on large inputs of funds and resources to develop its economy. In the next 10 years, we should put science and technology and education in a prominent strategic position, and facilitate comprehensive economic and social development by applying science and technology and promoting education if we are to develop, build, and rejuvenate Shandong continuously, and narrow the differences between it and advanced provinces and developed countries.

D. We should persist in "opening the eastern part of the province to the outside world, developing the western part, and combining the eastern and western parts to achieve common development." This is a perfect principle formulated by proceeding from the province's overall situation, considering the reality of different conditions and uneven development, and putting special

emphasis on certain fields in light of their actual conditions. We must develop the open areas and open up the developing areas to the outside world. Their mutual basic benefits are common and their targets of making the people rich and Shandong prosperous are identical. Fully displaying our own superiority in line with this principle, optimizing the local economic arrangements, and rationally distributing the essential production factors in the eastern and western parts of the province constitute an essential basis and the precondition for raising the whole province's economic level and efficiency. In line with the state industrial policy and the characteristics of various localities, we should properly handle the relations between various regions and the province and among various regions, strengthen lateral economic cooperation and coordination, realize rational work divisions, supplement each other with one's superiority, develop in a coordinated manner, and achieve common prosperity.

E. We should persist in proper centralization and boost the enthusiasm of various sectors. To maintain a sound economic and social development, we must properly handle the relations between the interests of the part and the whole and between long-term and immediate interests. To optimize the regional economic arrangements, readjust the production set-up, strengthen basic industries and raise the integrated economic level, we must appropriately concentrate essential financial and material resources on managing major affairs that have a vital bearing on the whole situation and long-term interests. We must proceed from the reality while checking the phenomenon of overconcentration in some aspects of our current economic life, and guard against following the old path of exercising rigid control. Combining essential concentration with appropriate dispersion and fully displaying the enthusiasm of all sectors constitute an unalterable principle for socialist modernization construction.

F. We should persist in self-reliance, arduous struggle, and building the country through hard work and thrift. To conduct socialist modernization construction, we must rely mainly on our own efforts. Our economic construction will face long-term shortages of energy, raw materials, and funds. We should educate and induce the broad masses of cadres to correctly handle the relations between accumulation and consumption, firmly foster the ideology of plain living, arduous struggle, and leading an austere life, uphold the principle of building the country through hard work and thrift, and improve the living standards on the basis of developing production. We should try by all possible means to save financial, material, and human resources, resolutely overcome extravagance and waste, and run all undertakings industriously.

G. We should persist in simultaneously grasping the building of two civilizations. The progress of a socialist society must be comprehensively judged by the two civilizations. The demands of the socialist essence means not only creating more material wealth but also creating

rich spiritual wealth. This is done to foster future, new generations with ideals, morality, culture, and sense of discipline, and to raise the ideological and moral levels as well as the scientific and cultural levels of all people. The dual tasks of opposing "peaceful evolution" and accelerating economic construction urgently require our efforts to strengthen the building of socialist spiritual civilization, to arouse people's enthusiasm in cherishing the country, the party, and socialism, to promote China's outstanding traditions, and to guarantee that the building of material civilization will be carried out along a correct orientation.

### III. Concentrate on Grasping Major Affairs Concerning the Overall Situation of Economic and Social Development

Making the people rich and Shandong prosperous and regenerating China require the efforts of several generations. Ten years is a limited time, and our financial and material resources are also limited. Only by grasping the key points under the guidance of the state plans can we realize a positive, comprehensive balance and get twice the results with half the effort. We must concentrate on successfully grasping the following few major tasks in accordance with the strategic emphasis defined by the party Central Committee and in connection with the realization of the next 10 years of fighting objectives.

A. We should ensure the stable growth of agriculture and bring about a prosperous rural economy in an overall way. Agriculture is an undertaking which can build up the country and maintain social peace; it is also the foundation of the national economy. Our province is a large region with a dense population. It always regards the issue of eating as a first-rate event, and grasps agriculture very vigorously at all times. Therefore, efforts should be made to continuously implement the "principle" of resolutely refraining from relaxing grain production and of actively developing a diversified economy. We should further promote the benign cycle of producing grain and cash crop; of planting, forestry, animal husbandry, sideline production, and fisheries; and of primary, secondary, and tertiary industries in rural areas. We should try to raise the production of grains, cotton, and edible oil to a new level. In 1995 the province's total grain output will reach 37.5 billion kg; its total cotton output, 1.3 billion kg; and its total peanut output, 2.25 billion kg. In the year 2000 the province's total grain output will reach 40 billion kg; its total cotton output, 1.4 billion kg; and its total peanut output, 2.6 billion kg. We should regard forestry as agriculture's capital construction, earnestly implement the "forest law," continuously enforce the afforestation responsibility system, do a good job in planting trees on waste land and river banks, strive to make the province's land green, and raise the province's rate of forest coverage to 25 percent by the end of 2000. In line with local conditions, we should establish or develop the bases of green belts, economic forests, and rich-yield forests; do a good job in intercropping trees and grains, as well as fruit and grains, so as to upgrade the quality of fruits and

increase output. Efforts should be made to actively develop animal husbandry, develop and produce fodder, promote the transformation of agricultural and forestry products, stabilize development in raising hogs and chickens, vigorously raise herbivorous animals and poultry, and establish the grain-saving structure of raising animals and poultry. We should accelerate the pace of developing aquatic undertakings; focus on breeding work; carry out breeding production both in fresh and sea water; conduct the production of breeding, fishing, and processing simultaneously; and popularize the technologies of three-dimensional development, comprehensive utilization, and of precise breeding and high yield. We must focus on protecting offshore aquatic resources, actively organizing deep-sea fishing fleets, and developing overseas and deep-sea fishing.

In making the rural economy flourish, we should still rely on the policies, science and technology, and on inputs. In continuously stabilizing and implementing policies on rural affairs, we should enforce the "principle" of having scientific education make agriculture flourish in a down-to-earth manner. Efforts should be made to enhance rural education, particularly agricultural technical education, so as to upgrade peasants' cultural and technological quality. We should also enhance the building of the forefront contingent of agricultural personnel, stabilize the status of scientific and technological personnel in rural areas, encourage scientific and technological workers to go to the countryside, and establish or improve the service networks of science and technology. Efforts should be made to breed or popularize fine seeds; improve the farming system; conduct three-dimensional planting and breeding; and improve the per-unit yield in agriculture, forestry, animal husbandry, and fisheries. We should comprehensively develop and improve medium-and-low-yield farmland, build high- and stable-yield farmland, accelerate the pace of building production bases, and expand the depth and width of agricultural resource utilization. We should enhance our strength in developing the seven large regions, including the Huang-Huai-Hai plain, Huang He delta, mountainous areas, beach areas, lake banks, shallow offshore beaches, and islands, and should expand their production fields. Efforts should be made to increase investment in agriculture through multiple channels. Financial departments at all levels should maintain the same level between the increased scale of supporting agriculture funds and that of financial revenues. Township enterprises should adequately increase their proportion of funds for supporting agriculture and building agricultural facilities. Efforts should be made to realistically lighten peasants' burdens, guide peasants to increase their productive investments, integrate inputs of funds and materials with the accumulation earned through labor, and vigorously improve production conditions. We must unwaveringly conduct the capital construction of water conservancy works; vigorously build or repair a number of backbone facilities that supply water, prevent floods, or drain flooded fields; tame rivers and lakes; and further upgrade the ability to supply water and combat

disasters. We should also increase the production of fertilizer, agrochemicals, farming plastic sheet, diesel oil, and farm machines; provide fine-quality and ample means of agricultural production in a timely manner; enhance the management over farm machines; and upgrade the level of farm mechanization. A good job should be done in forecasting weather that has disaster tendencies. We should create a macroeconomic climate in which various industries and trades support agriculture, and encourage various social circles to create a good environment and provide fine-quality service for developing agriculture.

Township enterprises have become important pillars in our province's rural economy, and have an important position in national economic development. Actively promoting the sound development of township enterprises is where we place our hopes of building the socialist new countrysides, and it is very significant in realizing the second-step strategic objectives. We should consider township enterprises as a strategic emphasis for economic development and should understand them well. We should continue to implement the principle of "providing active support, making rational plans, giving correct guidance, and strengthening management"; establish an industrial structure and a layout in compliance with the characteristics of township enterprises; and realistically raise product quality, economic efficiency, and enterprises' levels. The future development emphasis of township enterprises includes developing processed agricultural and sideline products, energy and building material products, products to support major industries, products for earning foreign exchange, minor commodities for civilian use, and tertiary industries. Localities with a good foundation should exert efforts to strengthen management, adjust the structure, and improve the grade and level of products. Localities where township enterprises started developing fairly late should base themselves on local resources in line with state industrial policy, select an accurate orientation, and develop township enterprises actively.

B. We should readjust and optimize the production set-up and raise the economic level. In the next 10 years, we must base ourselves on the existing foundation and natural resources conditions; readjust the fixed assets in reserve and optimize the increased fixed assets; properly handle the share of primary, secondary, and tertiary industries, and between agriculture and industry, basic industry and processing industry, traditional industry and burgeoning industries, and among large, medium, and small enterprises; and promote coordinated development among related industries. We should further strengthen the agricultural foundation, accelerate the development of basic industry, optimize and develop key industries, cultivate and develop burgeoning industries, actively develop tertiary industries, and establish an industrial structure system characterized by a firm foundation, mutual coordination, and orderly operation. As far as the industrial structure is concerned, we should emphasize the development of eight key industries,

including energy, chemical, electronics, metallurgical, building material, machinery, textile, and food industries, and organize a potential industrial chain with chemical, electronic, machinery, and textile industries playing a predominant role in an effort to hasten the development of other industries.

We should strengthen the building of infrastructure facilities and basic industries. This is the essential condition for a sustained, stable, and coordinated development and for opening to the outside world, and it is the emphasis of future economic construction. In infrastructure facilities, we should give priority to developing communications, transport, and post and telecommunications; we should build, renovate, and expand a number of railways, highways, ports, airports, and key telecommunications projects in a planned manner; and we should build urban construction and public utilities facilities. We should also strengthen the radiation function of cities and towns. It is necessary to emphasize accelerating the building of high-grade highways, including the Jinan-Qingdao highway, and improve the various forms of comprehensive transportation systems, such as transportation by means of highways, railways, waterways, aviation, and pipelines. By the end of this century, cities at and above the county level across the province should have direct-dialing domestic and international telephone services; townships and towns should basically have telephone automation; the peninsula open zone and other townships and towns with conditions should have direct-dialing domestic and international services. In basic industries, we should emphasize strengthening the building of energy and raw material industries, greatly increase the production of major products in the coal, power, petrochemical, chemical, medical, and metallurgical industries, and alleviate shortages of these products. We should adopt effective measures and collect construction funds through various channels for carrying out these measures in key industries. Efforts should be made to uphold the principle of supporting development and practicing economy; to give prominence to frugality; to fully tap the potential of existing production capacity and facilities; and to promote economic development and raise economic efficiency by reducing consumption.

We should reorganize and transform the processing industry. In the next 10 years, we should keep our eyes on the international and domestic markets, combine enhancement with development, emphasize reorganizing and renovating existing facilities, display the potential of existing enterprises by relying on structural readjustment, technological progress, and lateral cooperation, and strive for new development on the basis of raising the level of existing enterprises.

We should actively adopt new technology and new measures to renew outdated equipment more quickly, reduce energy resources and material consumption, and raise product quality and economic efficiency. Technical

transformation should be closely combined with enterprise reorganization. It should be carried out in a coordinated process in different industries, so it can be carried out in a more specialized manner. We should give prominence to the electronics industry, creating favorable conditions so that it may develop ahead of other industries. In the machinery industry, we should import, disseminate, and master technology to raise our level in producing whole sets of equipment. We should study and manufacture production lines and equipment that is of a high technological level, and integrate the production of machines, electrical appliances, and instruments more quickly. We should promote the development of technologies for national defense and military industry, and enhance the capacity of military industrial enterprises to produce products for both military and civilian use, and to formulate unified plans and coordinate the development of products for civilian use. In the textile industry, including silk production, we should develop intensive processing and increase product variety so as to increase production of high-value items and expand exports to earn more foreign exchange. We should strictly control new cotton-spinning projects and handle the adjustment and technical transformation of small cotton mills. In light industry, we should adjust and technically transform the consumer goods industry, succeed in developing and using food resources, increase the production of product series and actively develop paper-making, salt production, ceramics, plastics, packing, interior decoration, and installation industries.

We should actively develop the construction industry. The construction and building materials industries shoulder important tasks in our endeavor to achieve the second 100-percent increase and rise the people's life to a fairly comfortable standard. We should do a good job in the overall planning for urban and rural construction, and expedite construction in small cities. We should quicken the modernization of the construction industry, raise our prospecting, designing, and management levels and construction quality, strengthen management of the construction market, increase our competitive edge, greatly open up the domestic and international markets, and make active efforts to enter the international market. We should attach importance to developing real estate and turn it into an important industry. We should succeed in using civil air defense projects for peacetime needs and wartime preparedness, and accelerate the comprehensive development and utilization of these projects. We should make the best use of our resources in the building material industry, increase product variety, improve product quality and reputation, and expand product exports.

We should greatly develop the tertiary industry. This is a requirement for developing the primary and the secondary industries, and also a requirement in promoting exchanges between urban and rural areas, opening wider to the outside world, and easing employment pressures. The tertiary industry not only plays an irreplaceable role in upgrading the overall quality of the national economy

and the quality of people's lives, but also plays a role in creating value and wealth. Our province's tertiary industry has developed sluggishly, its branches are incomplete, and service quality is low. Its proportion in our GNP is 22 percent, lower than that of advanced provinces and municipalities, and also lower than the national average. This has become a conspicuous weak link of our province. We should change our understanding and action, regard the tertiary industry as a strategic priority for the next 10 years, make it develop faster than the primary and the secondary industries, and gradually increase its proportion in the GNP to 26 percent by 1995 and more than 30 percent by 2000. To attain this goal, we should make arduous efforts, strengthen leadership, create public opinion and a macroeconomic climate for the entire society to show concern for and support the development of the tertiary industry. While greatly developing science and technology, education, transportation, and telecommunication, we should accelerate the development of commerce, supply and marketing, catering, foreign trade, tourism, material supply, culture, public health, banking, trust undertakings, insurance, information and consultation services, real estate, warehouses, and public utilities. At present, priority should be given to commerce, catering, culture, and public health. Conscientious efforts should be made to resolve various "difficulties" in people's lives. We should pay attention to developing the information industry and gradually improve information networks. We should further relax policy restrictions and muster the funds of the state, collective, and individual to develop the tertiary industry. In particular, we should guide collective and self-employed laborers to invest in tertiary industries. In line with specific local conditions, we should lead some township enterprises to change their businesses into tertiary industries, such as commercial and catering services. New and surplus urban laborers should be arranged to replenish the labor force of as many tertiary industries as possible.

C. We should integrate the development of eastern Shandong with that of western Shandong, and mutually supplement the strong points to promote the rationalization of regional arrangements. Based on the two large development zones in the east and west and the six economic regions set by the province in its Seventh Five-Year Plan, the regional arrangements for the 10-Year Program have been mapped out. In line with the province's reality of economic development and its state of affairs in the scattering of natural resources and in communications and transportation, the province, in the coming 10 years or longer, will foster a general pattern of "two, three, six" with the combination among units, fronts, and areas. Such a pattern means that the province has set up two large development zones, including the coastal economic and open zone on Shandong Peninsula and the inland economic development zone in western Shandong; the three industrial concentrated belts with their own characteristics, including the areas along the three railways of Jiao-Ji, Xin-Shi, and the newly planned

De-Long; and six economic zones of Luzhong, Jiaodong, Ludongnan, Luxinan, Luxibei, and of Lubei.

Setting up economic development zones and regions as well as concentrated industrial belts by regarding the main railways as arteries and the key cities as a prop represents the objective law of economic development. Through the construction conducted over the past many years, areas along the Jiao-Ji railway have become the province's developed economic belts. In the coming 10 years, we will continuously consolidate, develop, and improve these economic belts, and popularize their economic experience among neighboring areas to the north and south. On the premise of ensuring a stable increase in agricultural production, areas along the Jiao-Ji railway should emphasize developing high technology and developing high-grade, light industries and textile, machine-building, electronic, chemical, and metallurgical products. These areas should play their role of taking the lead in developing the economy. The opening of the Xin-Shi railway and the dedication of Shijiu harbor have created conditions for developing neighboring areas to the south. Areas along the Xin-Shi railway should accelerate their pace of building associated facilities of the harbor; build new, large steel enterprises and compound fertilizer plants; expand the utilization of southwest Shandong's coal and oil resources; and should enable themselves to become an industrial concentrated belt with the systematic development of coal, power, steel and iron, chemical, building materials, textiles, and light industries, as well as of agriculture. Areas along the Jiao-Ji Railway in the north have had a quite solid economic foundation, because they are abundant in farm products and land resources, the largest fresh water resource in the province—the Huang He, and the second largest oil field in the country. We must strive to obtain state approval for building the De-Long Railway; expanding relevant harbors; accelerating the development of the Huang He delta; building these areas along the railway into the province's important bases of grain, cotton, and animal husbandry production; and expanding the capacity to produce raw salt, ethylene, and soda ash. This may enable these areas to become an industrial belt that produces crude oil and comprehensively utilizes and processes products from the chemical and textile industries, as well as farm and sideline products. Prior to receiving state approval for building the De-Long Railway, we should actively make all possible preparations for the project so as to create conditions for developing northern neighboring areas. Meanwhile, we should fully use the Jin-Pu Railway, which runs from the north to the south, and the planned Jing-Jiu Railway, so as to combine the three industrial concentrated belts in an organic way.

Optimizing the regional economic arrangements and rationally allocating productive forces in both east and west Shandong to promote the province's economy and achieve harmonious development represents the province's important strategic arrangements for developing its economy in the 1990's. Both east and west Shandong

should bring their own strong points into full play; let the government formulate plans, regard policies as guidance, and let enterprises actively play their role according to the principle of mutual benefit and interest; further enhance lateral economic associations and coordination; continue to carry out various mutual support among the corresponding units; combine the strong points of technologies, funds, and natural resources; carry out reasonable division of labor, conduct mutual support; and avoid all unnecessary duplicate construction projects so as to achieve common development between them. We should actively support western Shandong, and use their rich resources of mining industry, farm and sideline products, and water to develop energy resources and industries that process raw materials and farm and sideline products. We should accelerate western Shandong's pace in developing the economy, and gradually deal with the problem concerning the imbalance of development between east and west Shandong.

When realizing common prosperity, we must not neglect support for poor areas; this aspect is of political significance. In supporting poor areas, we must stress the importance of helping them solve basic problems and boost their ambition. First of all, we should solve the issues of "leading bodies" and "ways." During the Eighth Five-Year Plan, the policies defined for the poor areas will remain unchanged. Their funds will not be reduced, and they will continue receiving support. The emphasis will be on solving the production and living problems of the masses living in reservoir and beach areas. We should persist in solving food and clothing problems while developing the economy, and integrating income growth with improvements in basic production conditions. We must continue the method of making all levels and all departments contract for work to support poor areas. We must continue offering mutual support, and strive to make all poverty-stricken areas shake off poverty within five years or so.

The province's coastline is more than 3,000 km long, accounting for one-sixth of the country's total coastline. The offshore area is more than 170,000 square km, which is much greater than the land area; it is also a place where oceanic scientific research organs and research workers across the country are mostly concentrated. Actively developing ocean resources is an important task for developing Shandong's economy. We should foster the ideology of using the ocean territory and marine resources; implement the principle of giving attention to both land and ocean; protect offshore biological resources; strengthen seawater breeding and fishing, and research and development of ocean chemical engineering, ocean energy, ocean mining, and ocean communications; and emphasize developing and utilizing 19.8 million mu of shallow sea and beach areas in the near future. With support from the land, we should develop the ocean, and gradually realize the strategic plan of building "one Shandong on land" and "one Shandong at sea" through long-term and unremitting efforts.

D. We should continue to deepen reform and promote the development of productive forces. In the next 10 years, we should consider the initial construction of the new socialist planned commodity economy system. The economic operational mechanism of combining the planned economy with market regulation should be the target. We should expand dynamics on the basis of solving the major problems in the socialist economic life, and take active and reliable steps to promote necessary support reforms.

To deepen rural reform, we must solve the contradictions between decentralized operation and economies of scale, and between small-scale production and large markets. We must stabilize the household contract responsibility system, perfect the dual operational system that combines centralized and decentralized management, unceasingly improve this system along with the development of production, develop a serialized service system throughout the course of production, gradually expand the collective economy, and fully display enthusiasm for household enterprises and the superiority of collective operations. Where conditions permit, localities should explore various forms of optimum-scale operations, and take active and reliable steps to develop specialized cooperative organizations based on the principle of voluntary peasant participation.

Strengthening the vitality of state enterprises, particularly large and medium enterprises, is the central task for deepening reform of the economic structure. We should conscientiously implement the enterprise law, uphold the principle of separating government functions from business management, and appropriately separate ownership rights from managerial rights. We should proceed by improving the external environment and optimizing internal mechanisms, and gradually enable most enterprises to become independent and self-restraining socialist commodity producers, and managers that assume sole responsibility for their own profits, losses, and development. We should maintain the continuity and stability of policies, strengthen guidance and support over enterprises, apply administrative and legal means, realistically safeguard the legal rights and interests of enterprises, reduce enterprises' burdens, and create a good external environment for enterprises to produce normally and raise economic efficiency. We should deepen internal supporting reforms of enterprises by improving the contract management responsibility system and the plant director (manager) responsibility system, and establish and perfect an internal enterprise management mechanism suitable for the development of the commodity economy.

At present, we should particularly establish an operational mechanism that promptly reacts to market changes and is conducive to product sales. We should establish a management mechanism that helps improve the quality and standing of products, reduces energy and materials consumption, maintains production safety, and raises efficiency. We should establish a distribution

mechanism that boosts employees' enthusiasm and creativity and reflects the principle of distribution according to work, and establish an encouragement mechanism and an education-and-training mechanism that enhances the employees' sense of being masters of the state and of raising their quality. Governments and pertinent departments at all levels should attach importance to invigorating large and medium enterprises, and adopt measures and work out policies to selectively support them, so that they can be revitalized. Developing enterprise groups is an effective way to raise economic efficiency, and it is also an important way to invigorate enterprises. While consolidating and improving existing enterprise groups, we should establish a number of enterprise groups by reorganizing, cooperating, and merging in a planned manner. The groups should be led by manufacturers of brand-name and high-quality goods, backed by large and medium key enterprises, and guided by new, high technology. Their production scale should be large, their market coverage high, and their strength substantial. Thus an enterprise organizational structure where large, medium, and small enterprises are rationally disposed; there is a clear division of labor; and where enterprises can supplement one another can take shape. We should actively explore effective forms and measures to eliminate the situation of "no changes in three aspects," and strengthen the role of the nucleus and tightly organized enterprises in enterprise groups.

A great development in the commodity economy cannot be achieved without a unified and complete market system. We should attach as much importance to cultivating markets and expanding commodity circulation as we do to production, actively develop interregional and interdepartmental circulation of commodities, and eliminate barriers between different localities. We should continue to facilitate the reform of the circulation system, effectively develop the role of state commercial and material departments and supply and marketing cooperatives as the major channels for obtaining and storing goods, and further utilize the role of collective and individual commercial units. We should develop trade fairs and wholesale markets more quickly. We should make great efforts to unclog and broaden the circulation of farm and sideline products, improve the markets for the means of consumption, expand the markets for means of production, and develop money, technology, information, real estate and labor service markets in a planned manner. We should strengthen market controls and improve laws and regulations to perfect the market management systems. On the premise that the general price level remains basically stable, we should facilitate price reform in an active and yet prudent manner in line with unified state arrangements, rationalize prices of major commodities, and use the role of prices in regulating supply and demand and in rationalizing the disposition of resources. We should regard the work to strengthen and improve the macroeconomic regulation and control system as an important measure

to maintain sustained, stable, and coordinated development in the economy. In line with the requirement for establishing the regulation and control system at the central and provincial levels, we should continuously probe into specific ways and forms to combine the planned economy with market regulation. We should further deepen reforms of the planning, investment, financial and banking systems, gradually improve provincial-level regulation and control, establish a macroeconomic regulation and control system that is based mainly on state plans and supported by economic, administrative and legal means, coordinate the relationship of various aspects in terms of interests, and enhance our capacity for controlling the province's economic development.

In the near future, we should accelerate urban housing reform and reform of the various social insurance systems, such as those for pensions, medical care, unemployment, workers' compensation, and family planning. We should change the situation in which the state is responsible for an inordinately large part of the funds needed in the insurance systems, and let the state, collectives, and individuals share the funds together. The reform of these systems has a direct bearing on the vital interests of the people, and on social stability. In line with the principles defined by the central authorities, all localities should work out their policy decisions to promote the reform group after group. They should actively organize reform experiments in selected units in line with specific local conditions. To meet the needs of economic structural reform and the requirements of central authorities, we should facilitate political reform in the areas of administration, cadres personnel, and organizations in an active and yet prudent manner.

E. We should open wider to the outside world, and accelerate the development of the export-oriented economy. Opening to the outside world is a strategic choice to develop Shandong's economy. We should clearly understand reality, enhance our sense of urgency, and strengthen the concept of opening up as a whole. In opening wider to the outside world, we should coordinate the work of exporting, importing foreign capital utilization and technology, and combine economic exchanges with cultural and personnel exchanges. We should lead foreign economic relations with foreign trade, promote foreign trade with foreign economic relations, combine foreign trade, foreign economic relations and technology imports, and continuously expand the scope of exports and foreign capital utilization. We should strive to increase our exports to \$5.5 billion by 1995, and to between \$8 billion and \$10 billion by 2000. According to the state requirement on foreign trade reform, exports should be increased, and foreign trade departments should be responsible for their own profits and losses. This requires that we not only expand the scope of foreign trade but improve management, tap potential, raise the economic efficiency of foreign trade, and increase foreign-exchange income mainly by improving the quality and standing of exports. We

should further adjust the export commodity mix, establish different types of export commodity production bases with their own characteristics, establish fairly complete systems for export-oriented production, gradually shift from exporting mainly resource products and primary products to exporting mainly manufactured and finely processed products, and increase exports of machinery, electronics, textiles, and high- and new-tech products. We should strive for foreign trade autonomy that the state gives to the large key enterprises and enterprise groups with necessary conditions. We should open up world markets in all directions and at all levels, coordinate production with the marketing of export commodities, and establish enterprises overseas to develop on-the-spot production and marketing.

We should use foreign capital through various channels and measures, with the focus on attracting direct foreign investment, and strive to win more loans from foreign governments and international monetary organizations that provide preferential conditions. We should guide the rational flow of foreign capital in line with state industrial policies so that it can be used mainly in basic industries, infrastructure, foreign exchange-earning projects, and advanced technology projects. We should attract more foreign capital for technical transformations of existing enterprises to raise efficiency in foreign capital utilization. We should consolidate and expand the cooperative relations already established, open up new fields of cooperation, and actively develop economic and technological cooperation with the various countries of the world, especially with east Asia. We should have the courage to probe into new forms of foreign capital utilization, such as the shareholding system of joint ventures, paid use of land, and development of large plots of land through construction projects. We should conscientiously make wholly or partially foreign-owned enterprises successful, and manage them according to international practice. We should use our policies fully and successfully, continuously improve the laws and regulations concerning foreign nationals, raise our work efficiency, improve our infrastructural facilities and conscientiously improve our investment climate.

We should strive to expand the propaganda toward foreign countries, and strengthen exchanges and cooperation with the various countries of the world in the areas of culture, art, science and technology, and education. We should do a better job in overseas Chinese affairs and in work directed to Taiwan. We should actively develop tourism, strive to build our province into a popular tourist spot, and make the province more able to compete and more appealing in the world. We should take advantage of our province's abundant resources and fairly good labor quality to greatly develop exports of labor services and construction projects undertaken abroad on a contract basis.

Either in opening to the outside world or in opening to other localities of the country, we should open in all directions and achieve breakthroughs in key areas, and

use the key areas to lead the entire province. First, we should support the construction of the Qingdao and Yantai economic and technological development zones, and the Weihai, Jinan, and Zaozhuang new and high-technology development zones, and expand their scope as quickly as possible so that they can produce good results. We should accelerate the construction of the Shandong peninsula open zone, and import large projects and those that have high starting points and can earn more foreign exchange. Guided by the international market, the open zone should take the lead in establishing an export-oriented economic pattern to lead inland areas to open to the outside world more quickly. It should actively develop lateral economic cooperation and associations with other provinces, municipalities, and regions to promote the multi-layered and omnidirectional opening of the province to the outside world.

F. We should implement in an overall way the principle of "having scientific education make the province flourish" and upgrade the levels of science and technology and the labor quality. The key to realizing the strategic target of the second doubling plan and creating conditions for achieving development in the next century lies in science and technology, and the foundation for realizing this strategic target lies in education. In "having scientific education make the province flourish," we must make scientific education flourish in advance. To deepen reform in science and technology, as well as in the educational systems, and to establish a mechanism that closely integrates scientific and technical education with economic construction, departments at all levels should vigorously increase their investment in scientific and technical education and continue to encourage the people throughout the society to conduct scientific research; to operate schools; to establish the networks of scientific and technical popularization; and to rely on scientific education to make agriculture, industry, commerce, and trade flourish.

In developing science and technology, it is imperative to uphold the principle of having economic construction rely on science and technology and of having scientific and technological work geared to economic construction; render good service for the main battlefield of economic construction; develop high and new technological industries; and make arrangements for the basic research of applied science. First, efforts should be made to develop and popularize the scientific and technological results with good and rapid effects, enhance the intermediate experiment, reinforce the intermediate link of the combination between scientific research and production, and accelerate the pace of turning scientific and technological results into actual productive forces. Second, efforts should be made to accelerate the research, development, and application of new and high technologies, and enable new and high-technology industries to become important to key localities and to foster important production fields and their own characteristics. Third, efforts should be made to attach importance on and enhance the basic research of applied science and to

accumulate reserve strength for scientific and technological development. We should enhance the research of social science and the science of policy decision-making and answer major and important questions cropping up in the reform and development by combining theories and practice and natural sciences and social sciences. A good job should be done in further conducting the work of training talented personnel, formulating or implementing policies to promote the scientific and technological progress, utilizing the enthusiasm of scientific and technical personnel, and in carrying out extensive activities engaging in scientific experiment and making reasonable proposals.

In developing educational undertakings, it is imperative to uphold the principles of rendering service for the program of building socialist modernizations, combining production with the labor force, and combining the training of young people to be socialist builders and successors with overall development in morality, intelligence, and physical fitness. Continuous efforts should be made to popularize the experience of relying on the people to conduct education and of successfully conducting education for the people. We should further enhance elementary education, enforce in a down-to-earth manner the nine-year compulsory education, continuously and vigorously develop vocational and technical education of various types and at various levels, vigorously optimize higher education, and actively develop adult education. Strenuous efforts should be made to carry out on-the-job training, pay attention to eliminating illiteracy, and realistically do a good job in conducting preschool and special education. Schools of various categories and at all levels should focus on upgrading educational quality and further straightening out the guiding ideological teachings. Efforts should be made to make upholding the correct political orientation the primary work, and to upgrade students' political level and educators' professional quality. We should adopt measures to have students achieve overall development in morality, intelligence, and physical fitness; to improve the content, methods, and measures of education; to prevent or correct the practice of unilaterally seeking the rate of students entering their higher studies; and to deal with excessive academic burdens of middle and primary students and with rural drop-outs. We should earnestly do a good job in operating teachers' schools, enhancing teacher training and the educational management of cadres, and build a teachers' contingent with higher quality and rational structure.

We should foster good morale of respecting knowledge and talented personnel in the society as a whole; implement in an overall way the policies on the affairs of intellectuals; understand, show concern, and support intellectuals, particularly veteran ones and outstanding personnel who have made prominent contributions; realistically improve the working and living conditions of intellectuals; and use the enthusiasm, intelligence, and wisdom of on-the-job personnel.

G. We should persist in the three basic national policies, and realize a well-rounded economic, social, and ecological cycle. Controlling population, safeguarding the land, and improving the environment have a vital bearing on the major issues of economic development, people's livelihood, and the survival of future generations. This merits the full attention of the whole society.

In the next 10 years, the province's population problem will remain very severe. We must unwaveringly grasp family planning work. The whole province, from the highest to the lowest level, must have a sense of urgency and historical responsibility. The principal leaders should grasp the work personally, enhance people's sense of average per-capita across the province, stabilize policies, continue to promote late marriages, late births, and the one-child policy, and strictly forbid unplanned births. We should place the work emphasis in rural and grassroots areas, implement the system of assuming responsibility for attaining certain population control targets, do the foundation work well, implement the planned family quota in each and every unit and family, and make all leaders grasp the work and all people assume responsibility for the work. We should trust and rely on the masses and fully display the role of all levels of family planning associations. While controlling the population figures, we should pay attention to healthy births and child-rearing, and raise the population's quality. It is necessary to recognize the trend of population aging, and attain the goal of giving the elderly someone to provide for and giving them things to do.

We should realistically protect and rationally develop and use the land, mineral, water, biological, and regenerated resources, conscientiously implement the "land management law," step up efforts to formulate an overall plan for land utilization, strictly control the approval of using land for construction in line with plan, and strengthen management over township enterprises and peasants using land for housing construction. We should designate farmland capital construction protective areas. No unit or individual should be allowed to occupy them. We should uphold the principle that "one must reclaim one mu of land to compensate for the one mu he misappropriates," establish a land reclamation system, and reclaim wasteland in a planned manner. We should rationally develop and use mineral resources in line with the needs of economic construction, strengthen geological prospecting, open up new mining resources, and reserve and provide abundant resources for economic and social development. Continued efforts should be made to adhere to the principle of broadening income sources and reducing expenditures, do a good job in developing and using water resources, make full use of Huang He river water, actively block and save surface water, rationally tap underground water, properly handle and use waste, polluted, and low-saline water, develop farming that conserves water, raise the industrial sector's water recycling rate, accelerate the transformation of water conservation technology, strive to basically alleviate our province's shortage of water resources within

five years or so, and adopt practical measures to solve drinking water problems of people and livestock in mountainous areas, coastal areas, and high-fluorine areas.

Environmental protection affects economic development and social stability, and it is a major factor in whether we can provide a good living environment for the future generations. We should improve the environment in line with law, uphold the principle that those who pollute the environment must strive to improve it, actively promote the system of assuming responsibility for attaining certain environmental protection targets, strengthen environmental supervision and management, improve existing pollution sources, focus on preventing and treating pollution caused by township enterprises, restrict cities from shifting pollution to rural areas; strengthen ecological environmental protection of oceans, lakes, and rivers; gradually solve the problem of seawater flowing into rivers; simultaneously plan, carry out, and develop economic construction, urban and rural construction, and environmental construction; and integrate economic efficiency with social and ecological benefits.

H. We should correctly handle the relations between accumulation and consumption to gradually improve people's living standards. The fundamental purpose of socialist production is to constantly satisfy people's ever-increasing demands on materials and culture. Based on developing production and in line with the principle of "feeding the population first and carrying out construction second," the purpose is not only to strictly control the scale of fixed-asset investment and prevent excessively high consumption, but also to avoid an excessive rate of growth in consumption funds, which would affect the long-term interests of the people. During the Eighth Five-Year Plan, the scale of fixed-asset investment throughout the province is estimated at 200 billion yuan. The investment of state-owned units will be 120 billion yuan, which is spent primarily on key construction projects, technological transformation projects, infrastructure construction, and on continuously and strictly controlling construction of nonproductive projects, such as office buildings, hotels, guest-houses, and meeting halls.

Striking a balance between revenues and expenditures constitutes a protracted important principle. We should profoundly and sustainedly launch the activity of increasing production and practicing economy, and increasing revenues and cutting expenditures. We should vigorously cultivate and expand financial resources, strive to increase production by practicing economy, and strive to increase revenues by increasing production so that we may ensure the steady increase in financial revenues. We should adopt measures to help units with handsome profits and taxes to increase profits further, and help units suffering huge losses to halt their deficits. We should focus on work related to the counties that receive state subsidies and counties whose revenues exceed 100 million yuan. Great efforts should be made

to make most subsidized counties basically self-supporting within five years, and to make all subsidized counties self-supporting within ten years. We should enable a portion of such counties to deliver profits and taxes to the state. Great efforts should also be made to increase the number of the counties with financial revenues exceeding 100 million yuan from 16, the number in the past, to more than 30 by the end of the Eighth Five-Year Plan. We should rigorously enforce financial and economic discipline, perfect the financial and accounting systems, and strengthen the supervision over auditing work. We should administer taxes according to law and strictly ban tax evasions. We should strictly control financial expenditures, keep expenditures within the limits of revenues, control ballooning of organs and overstaffing, oppose extravagance and waste, ensure a balance between revenues and expenditures, and gradually increase the amount of expenditures spent on production and construction.

We should continue allowing and supporting a portion of the people and areas to get rich first through honest labor and lawful business operations, and should persist in encouraging those who are better-off to help those who lag behind, with the purpose of making all people and areas achieve prosperity. So, the people throughout the province will become better-off by the end of this century. The better-off level includes not only the improvement in materials livelihood but also the improvement in spiritual livelihood, and include not only the enhancement in individuals' living standards but also the improvement in social welfare services and the labor environment. As of the year 2000, the province's per capita GNP will be 3,000 yuan. There will be notable improvements in both the quality and quantity of people's clothing, food, housing, daily necessities, and transportation; the food structure will be optimized further; each household will possess a residence which is relatively economical and practical; a relatively big enhancement will be made in the people's educational and cultural quality; people's cultural and sports lives will become even more rich; there will be a relatively great improvement in medicare and sanitation facilities, in social guarantee, and in living environment; and the average life-span will exceed 72 years. At that time, a profound change will take place in the entire social outlook, and in people's quality of living and mental states, and an even more inspiring sight will appear.

#### IV. Strengthen Building of the Socialist Spiritual Civilization, Democracy, and Legal System, Enhance the Government's Work Level, and Comprehensively Realize the Second-Step Strategic Goal

To realize the 10-Year Program and the Eighth Five-Year Plan, we need the arduous struggle of people throughout the province and the meticulous organization of leaders at all levels. We must actually strengthen the building of the spiritual civilization, democracy, and the legal system, as well as the self-construction of the government in the course of strengthening the building of material civilization. At the same time, we must fully

mobilize all positive factors, and conduct our work in a creative manner with a new attitude.

A. We should further strengthen the construction of the socialist spiritual civilization. The key to strengthening the construction of the spiritual civilization hinges on adhering to the four cardinal principles, opposing bourgeois liberalization, and strengthening ideological and political work. We should fundamentally ensure social stability and the accurate orientation of developing the economic construction, conducting reforms, and opening the country to the outside world; deeply and constantly educate on patriotism, collectivism, and socialism; and strengthen the education on professional ethics among various trades and professions. We should explore new ways and methods of conducting ideological and political work under the new situation, set up an effective mechanism of ideological and political work, and continue solving problems that are due to our overemphasis on a material civilization and our negligence of the spiritual civilization. We should change prevailing habits and customs; strengthen education of youngsters; and create increasingly more advanced units, advanced collectives, and five-goods families; help trade unions, youth organizations, and women's federations launch socialist labor emulation drives, activities of learning from the advanced, vying with each other to make contributions, fostering new work styles, and a campaign of studying culture and technology and competing with each other for achievements and contributions; further consolidate and develop achievements in conducting socialist ideological education in rural areas, and realistically conduct education in urban areas.

We should positively develop socialist cultural undertakings. We should persist in the orientation of serving the people and socialism and the principle of letting a hundred flowers bloom and a hundred thoughts contend; grasp the consolidation of cultural market with one hand and the prosperity of cultural undertakings with the other; and make efforts to develop press, publication, radio, television, theatrical, relic, and archive undertakings. We should strengthen management of the cultural market and construction of a cultural worker contingent; make efforts to create artistic works of increasingly higher quality that carry forward the nation's fine traditions and reflect the great features of the times; enliven people's cultural activities; enrich people's spiritual life; and use socialist ideology to occupy the cultural front. We should positively develop sports undertakings, enhance people's physical quality, and upgrade the quality of sports activities. We should try to develop health undertakings, vigorously rejuvenate Chinese medicine, combine Chinese and Western medicines, improve medical treatment conditions, correct the work style and the professional ethics of medical workers, upgrade their service quality, consolidate and develop medical and public networks at the county, township, and village levels in rural areas, try everything possible to change the situation where rural areas are short of medical workers and medicines, and realize the target by which everyone enjoys health care treatment by the end of the century.

The construction of a socialist spiritual civilization is a gigantic systematic project. Thus, all fronts and all departments should cooperate with each other to engage in building a spiritual civilization. Under the leadership of party organizations, governments at various levels should make a unified arrangement, make a reasonable distribution, attend to building the necessary facilities, and provide an effective material guarantee.

B. We should further strengthen the construction of a socialist democracy and the legal system. Carrying forward socialist democracy and perfecting the socialist legal system is an important guarantee for the smooth progress of reforms and opening up and for the successful development of socialist undertakings. Governments at various levels should consciously accept the supervision by the people's congresses and their standing committees, conscientiously implement various resolutions, and positively handle the suggestions and motions proposed by the People's Congress deputies and CPPCC members. We should strengthen the unity between the people of various nationalities and consolidate and develop the patriotic and united front. At the time of working out and implementing major policy decisions and handling important affairs, we should conscientiously hear the opinions by the CPPCC, mass organizations, democratic parties, patriotic personages, and various social circles; focus on supporting their work; and bring into play their functions for participating in and discussing political affairs. We should wholeheartedly rely on the working class; respect workers, peasants, intellectuals, and the people's role as masters of the country; and support and guide them to better exercise their democratic rights. We should expand the channels for keeping contacts with the people, listen carefully to criticisms from the people and the lower levels, and strictly investigate those who retaliate against others. We should conscientiously receive visitors and handle incoming letters from the masses, continue to carry out the system of making government affairs visible to the public, and adopt various means of reporting the government's work to the people in a timely manner.

It is necessary to perfect the socialist legal system and intensify the Constitution and the law's authority and functions in various social spheres. We should consolidate and develop the achievements made through the year-of-legal-administration campaign and persistently administer the province according to laws. Governments at various levels should positively strengthen the construction of administrative rules and regulations within their functions and powers. They should ensure that there are laws to abide by, that laws already enacted are observed and enforced to the letter, and that those who violate laws are called to account. We should conscientiously conduct the second five-year campaign on legal system propaganda and education, and further enhance people's awareness of the legal system. Governments at various levels should perfect their legal organizations and play their role as legal advisers. We should strengthen the setup of the law enforcement system and

the building of a law enforcement contingent, strive to improve the conditions and means for enforcing laws, focus on using lawyers' functions, intensify supervision of law enforcement, and create a fine legal environment. All government functionaries, particularly leading cadres, should conscientiously study laws, observe laws and discipline, administer according to laws, and strictly handle unlawful activities.

We should strengthen the overall improvement of social order and maintain social stability. We should unswervingly persist in the people's democratic dictatorship; conduct deep education on opposing subversion, infiltration, and peaceful evolution; and maintain sharp vigilance against various sabotage activities launched by the hostile forces at home and abroad, smashing them in a timely manner. We should take the basic work of the grassroots as a key point; pool the efforts of the masses; link urban and rural areas; pay equal attention on attack and prevention; take both radical and stopgap measures with the focus on getting at the root of the problems; and strictly attack, according to laws, serious economic criminal activities and serious criminal offenders. We should apply political, economic, administrative, legal, cultural, and educational means to strengthen the overall improvement of public order and to safeguard the normal social order. We should wage a deep struggle against pornography and the six vices; resolutely eliminate all evil phenomena poisoning social order, disturbing social order, and damaging the physical and mental development of the people; and eliminate the roots of crimes. We should quickly and actively solve problems that are the people's main complaints, strive to eliminate various unstable factors, and mobilize all forces to create and maintain a stable and harmonious social environment.

We should further strengthen the construction of grassroots political power, conscientiously sum up and popularize advanced experiences, focus on cultivating and educating grassroots cadres, and support and show concern for their livelihood. We should give full play to the role of neighborhood committees, strive to upgrade the construction of town and township governments and the village-level organizations, solve the problems due to rural work that has not been carried out in some localities, and implement the party's line, principles, and policies to the letter.

We should strengthen national defense education and security education, enhance the sense of state security, put the work of people's militia on three solid footings, and attend to the construction of reserve deputy forces. We should launch activities that support the army, give preferential treatment to families of servicemen and revolutionary martyrs, support the government and cherish the people, and support activities in which military and civilians jointly build spiritual civilizations. We should implement policies that give special care to disabled servicemen and to family members of revolutionary martyrs and servicemen; support the army building; protect national defense facilities; safeguard

the honor of the army; arrange jobs for cadres transferred from army units and for demobilized and retired military members; and further narrow the relationship between the army and the government and between the army and the civilians.

C. Governments should further strengthen their self-construction. Governments at various levels undertake the heavy duties of organizing and managing economic construction and social affairs. Achieving the self-construction of the governments is of great significance to realizing the 10-Year Program and the Eighth Five-Year Plan. All government functionaries, particularly leading cadres, should study Marxism-Leninism-Mao Zedong thought and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; firmly remember the purpose of serving the people wholeheartedly; realistically strengthen the ideological and organizational construction and the improvement of work style and discipline; and work hard in line with the requirements of "conducting reform, blazing new trails, being honest and diligent, being united to do solid work, and offering high-quality service" to make fruitful contributions to benefiting the people and winning honor for the party.

Reform and bringing forth new ideas constitute a mental outlook which government functionaries should have. The new situation of socialist modernization construction requires government functionaries to be good at discovering new situations, studying new contradictions, and solving new problems in the course of practice. In this connection, we must unceasingly emancipate our minds. At present, in light of the practice of developing the socialist planned commodity economy, we should exert efforts to overcome the ideas of small production, of sticking to old ways, and of being satisfied with small wealth. We should also overcome the idea of a product economy that focuses on production at the expense of circulation, on increasing facilities, factory buildings, and productive forces at the expense of adopting new technology and tapping internal potential of enterprises, on quantity at the expense of quality, and on production rates at the expense of efficiency. We should strive to enhance the sense of reform, new ideas, the commodity economy, opening up as a whole, average per-capita, quality, and efficiency, so as to more successfully grasp the opportunities and greet the new challenges.

Honesty and hard work are the keys to strengthening the self-construction of government organs and consolidating the socialist political power. Government functionaries are public servants. They must build a party to serve the public interest, hold office to serve the people, observe discipline and law, work arduously and create top-grade work. We should continue to strengthen the building of clean politics, adopt effective measures, establish and improve all sorts of regulations and systems, resolutely check unhealthy trends, strictly investigate and handle law and discipline violation cases, eliminate corruption, and comprehensively raise the quality of government functionaries. We should actively

display the role of industrial and commercial administrative departments, taxation, auditing, price, statistical, customs, commodity inspection, supervision, public security, judicial and law-enforcement supervisory departments. We should encourage and support media organs and the masses of people to conduct social supervision in an effort to unceasingly improve government work, and to safeguard and raise the prestige of the people's governments.

Unity and solid work is the essential work style of governments at all levels. Only when all departments and staff work in unity and support one another can they fully display their integrated superiority and achieve results in considering the overall situation. We should quietly immerse ourselves in hard work, guard against empty talk, pay attention to actual results, resolutely prevent and overcome formalism, and check the bureaucratic work style of being dilatory in doing things, shifting responsibility onto others, and disputing over trifles. It is necessary to conscientiously implement the guidelines of the Sixth Plenary Session of the 13th Party Central Committee; maintain closer ties with the masses; uphold the basic work method of "getting the masses' opinions and referring back to the masses"; go deeply into reality to investigate, study, and grasp first-hand information; discover, summarize and popularize typical examples and experiences in a timely manner; and help the grassroots and the masses eliminate misgivings and difficulties. Continued efforts should be made to uphold the system of sending cadres to the grassroots to assume work posts to temper themselves; adopt feasible measures; simplify meetings, documents, and internal protocol activities; and to devote more time and energy to solving various practical problems.

Highly-efficient service is the aim of self-cultivation of governments. Governments at all levels and their subordinate departments should make economic construction the central task. Under the leadership of the party, they should streamline administration, raise the efficiency and quality of work, and realistically attain the goal of serving the masses, the grassroots, and production development. The key to judging whether we have rendered good or bad service lies in whether we can make prompt and accurate policy decisions. We should strengthen government's consulting and research work, gradually establish and perfect the scientific policymaking system and procedures, raise the level of policymaking, and avoid major miscalculations. Once a policy decision is issued, we must implement it firmly, realistically attain the goal of strictly enforcing laws and prohibitions and clearly meting out awards and punishments, and ensure that policy decisions are effectively implemented.

Making the aforementioned tasks the guidelines for government functionaries is aimed at unifying ideology, setting norms for the words and deeds of government functionaries at all levels, enhancing the government work level, and better serving the people.

Fellow deputies!

This year is the first year to implement the 10-Year Program and the Eighth Five-Year Plan, and it is a decisive year to fulfill the task of economic rectification. To make the work in these 10 years a success, we must attend to the work of the first five years; and to achieve success in the work of the first five years, we must attend to the work of the first year. Thus, it is very important to achieve success in the first year. As stipulated by the party Central Committee, striving for steady economic development, strengthening party building, and maintaining social stability remain the three major items we should firmly grasp and conscientiously carry out this year. With regard to this year's work, the provincial government will submit a planning report and a financial report to the present session. What should be stressed here is that we should continuously attend to economic rectification and in-depth reform, positively adjust economic structure, clear up circulation channels, raise economic efficiency, and better combine economic rectification and in-depth reform with economic development. We should further strengthen agriculture's position as the foundation of the economy; avoid loosening agricultural production because of bumper harvesting; grasp cotton production and procurement in particular; ensure a steady increase in the output of grain, cotton, and oil-bearing crops; and ensure the all-round development of the rural economy. By centering on invigorating large and medium enterprises, we should give positive support to such enterprises in the areas of policies, funds, materials, and technology. We also should strive to improve the external environment of such enterprises, strengthen their internal vitality, and give play to their predominant and key role in national economy. We should unfold the activities for the "year of quality, variety, and efficiency" with great results; implement pertinent policies and measures one by one; strengthen enterprises' internal management; make great efforts to improve product quality; increase the varieties of readily marketable products; and constantly enhance enterprises' overall quality and economic efficiency. We should further promote urban and rural markets, maintain the basic stability of commodity prices, strive for even greater increases in export and foreign exchange revenues, and strive to make a new step in utilizing foreign capital. We should unfailingly broaden revenue sources and reduce expenditures in order to ensure a balance between revenues and expenditures. We should firmly grasp family planning, strictly prevent unduly rapid population growth, and strive to make this year's natural population growth rate no higher than last year's. We should further strengthen the leadership over the work of stopping wanton collections of fees, fines, and apportionments, and should resolutely check such wanton collections. We should continue to strengthen the building of a clean government, be resolute in executing discipline and checking unhealthy trends of trades, and strive to solve "hot" and "difficult" problems which concern the masses. In the course of grasping economic work, we should strengthen ideological and

political work and promote the building of the socialist spiritual civilization. We should actually attend to the comprehensive improvement of social order, and concentrate our efforts on dealing blows to criminal offenses which cause grave harm and produce a great impact, so that we may maintain social stability. We should create a good beginning for realizing the 10-Year Program and the Eighth Five-Year Plan by achieving success in various tasks this year.

Fellow deputies!

During the next 10 years, our fighting goals are magnificent, our prospects are inspiring, and our tasks are extremely arduous. Let us rally closely around the party Central Committee, with Comrade Jiang Zemin as its nucleus. Let us work with one heart and one mind under the leadership of the Shandong Provincial CPC Committee, be modest and prudent, quietly put our shoulders to the wheel, successfully fulfill the glorious tasks entrusted to us by history, and make due contributions to China's modernization drive!

**Hebei's Eighth Five-Year Plan, 10-Year Program**

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[Article: "Report on Hebei Province's State Economy, 10-Year Social Development Plan, and Eighth Five-Year Plan Outline"]

[Text] Delegates:

On behalf of the provincial people's government, I shall present a report to the conference on Hebei Province's 10-Year Program for national economic and social development, as well as on its Eighth Five-Year Plan Outline. I ask that all delegates consider this report in relation to the outline draft, and I ask that all members of the provincial CPPCC and other delegates in attendance offer recommendations.

**I. Enormous Achievements in the Province's National Economic and Social Development Scored During the Seventh Five-Year Plan**

The 1980's was a decade in which we advanced with great strides along the road toward building a distinctively Chinese brand of socialism. The Seventh Five-Year Plan, in particular, was key in realizing the strategic goal of the first doubling of the gross value of industrial and agricultural output [GVIAO] proposed by the CPC Central Committee. People throughout the province diligently carried out the line, plans, and policies following from the Third Plenary Session of the 11th party Central Committee, devoted strict attention to the key area of economic construction, adhered to the four basic principles, and persevered in reform and opening to the outside world, wholeheartedly devoting themselves to modernization. We eliminated various types of interference in the victorious fulfillment of the Seventh Five-Year Plan, realizing a doubling of the GVIAO years ahead of schedule. Profound changes are taking place in the economy and society of the whole province.

**There was a very great increase in national economic strength.** In 1990, the GNP for the whole province reached 82.67 billion yuan, a 44.3-percent increase over 1985, and an average annual increase of 7.6 percent. National income reached 70.46 billion yuan, up 38.5 percent over 1985, for an average annual increase of 6.7. The GVIAO increased 66.2 percent over 1985, for an average annual increase of 10.7 percent. Gross output of grain remained steadily above 20 million tons for three consecutive years, reaching 22.769 million tons in 1990, for a 15.8-percent increase over 1986 and an all-time high. Cotton output rose and fell, with 1990's output reaching 571,000 tons. Output of oil-bearing crops reversed two consecutive annual declines, reaching 749,000 tons in 1990. Outputs in the forestry, animal husbandry, and fishing industries also saw substantial increases. Industrial production increased at an average annual rate of 12.8 percent, and outputs of major products such as electric power, steel, processed steel, crude salt, cement, plate glass, toilet fixtures, cotton yarn, and

cotton cloth all rose substantially over the Sixth Five-Year Plan. Provincial government revenues for 1990 totaled 8.12 billion yuan, up 79.7 percent from 1985, for an average annual increase of 12.4 percent. This greatly surpassed the average annual increase of 5.2 percent during the Sixth Five-Year Plan.

**There were remarkable results from improvement and rectification.** The conflict between a total social demand that was greater than total supply tended to become moderate, with the gap between overall provincial supply and demand narrowing to within 5 percent in 1990, making it the smallest gap since 1985. The impetus toward inflation was contained, and 1990's overall retail price index stood at 99.9, maintaining the same overall level as in 1989. Marked advances were made in readjustments of the economic structure. While giving priority to the development of agriculture, basic industries firmed up. The irrational situation existing among processing industries improved, with the percentage of investment used for technical advances gradually rising. The tumultuous situation existing in the realm of commodity circulation was brought under preliminary control. The work of rectifying corporations was completed smoothly. A number of criminals who were in violation of the law were punished, thereby producing a marked change for the better in market order.

**There was a further rise in the follow-up capabilities of economic development.** During the Seventh Five-Year Plan, investment in fixed assets owned by the whole people amounted to 48.62 billion yuan, a 120 percent increase over the Sixth Five-Year Plan. A total of 84 large- and medium-size capital construction projects and above-norm technical transformation projects were completed and came on line. Installed electric power capacity increased by 2.337 million kilowatts, raw coal mining capacity increased by 7.096 million tons, and cement production capacity increased by 4.338 million tons. Investment in transportation and in posts and telecommunications totaled 2.7 billion yuan, an increase of 1.3 billion yuan over the Sixth Five-Year Plan. Port cargo handling capacity increased 32.75 million tons in five years, a 57.5-percent increase over the last year of the Sixth Five-Year Plan. The province's first large-capacity, digital microwave main line (between Shijiazhuang and Tangshan) was completed and opened for service. Now nearly 150 cities and counties have become a part of the national automatic switching network. Seven cities, including Shijiazhuang, Tangshan, Qinhuangdao, and Chengde, have inaugurated direct international telephone service.

**The economic system reform increased the vigor and vitality of economic development.** Enterprise reform, characterized principally by an expansion of enterprises' administrative autonomy, deepened steadily, with a general spread of the plant manager responsibility system. As of the end of the Seventh Five-Year Plan, the province had smoothly completed the second round of contract signing, with 98.2 percent of industrial and business enterprises signing second round contracts. While

enhancing the role of state jointly run businesses as principal channels, a commodity flow pattern consisting of numerous components, numerous channels, and numerous forms has taken preliminary shape. In 1990, total retail sales of social commodities increased by 86.3 percent over 1985. Tertiary industries accounted for 24.6 percent of GNP, up from 23.2 percent during the Sixth Five-Year Plan. Reforms of the foreign trade, fiscal, investment, finance and banking, insurance, and housing systems also showed some marked advances, and experiences were also gained in pilot projects.

**Larger strides were taken in opening to the outside world.** The foreign trade economic open zone expanded from the single city of Qinhuangdao City during the Sixth Five-Year Plan to 12 counties and three cities, including Qinhuangdao, Tangshan, and Cangzhou. In 1988, the State Council ratified the establishment of the Qinhuangdao, Tangshan, Cangzhou, and Bohai Bay foreign trade open economic zones. During the Seventh Five-Year Plan, the province's actual use of foreign capital totaled \$282 million, three times the total prior to 1985. The opening of 312 three kinds of partially or wholly foreign-owned enterprises in 1990 was 5.6 times the total number opened prior to 1985. Spot exchange was used to import 667 pieces of technical equipment, 1.7 times the total amount imported prior to 1985. Exports expanded steadily, the total amount reaching \$1.74 billion in 1990, a 33.7-percent increase over 1985, and commodities were sold in more than 120 countries and territories on five continents. Foreign exchange earnings from international tourism amounted to \$27.87 million. Definite achievements were also made in the contracting of foreign projects and the export of labor. During the five-year period, six international talks were held on economic and technical cooperation and the export of commodities, and more than 6,400 foreign experts, scholars, and lecturers were received. There were 330,000 foreign guests, overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan who visited the province. Economic and technical cooperation with fraternal provinces, municipalities, and regions saw further increases, and the number of enterprises making joint investments with concerned departments at various levels increased to more than 9,600, a five-fold increase over the Sixth Five-Year Plan. Agreed importation of capital from outside the province totaled 3.8 billion, a five-fold increase. Technical cooperation on 13,000 projects was begun, an increase of 250 percent.

**There was fairly rapid development in scientific and technical, educational, and cultural endeavors.** During the Seventh Five-Year Plan, the province won more than 1,500 provincial level prizes for major scientific and technical achievements, 142 of which approached or reached advanced international standards. Fifty-four earned national science and technology prizes, national invention prizes, and spark plan prizes. The institution of a development strategy for "making Hebei prosper through science and technology" and the implementation of a "double blossoming" in science and technology

further stirred the interest and creativity of scientific and technical personnel. Large numbers of scientific and technical personnel went to rural villages and industrial plants to do technical contracting and to provide technical services. Today, the province has more than 7,000 agricultural technology and economic organizations of various kinds, more than 2,600 groups doing technical contracting, and more than 2,200 new products that major trades in industry and key enterprises have put into series production, 13.4 percent of which meet the international standards of the 1980's. Education of all kinds and at all levels developed steadily. There are now 43 local ordinary institutions of higher learning, and they have trained a total of 81,000 graduates in undergraduate and professional fields. Primary school education was made universal throughout the province. School conditions improved markedly, with 99 percent of school-age children attending school, and both adult education and vocational and technical education showing rapid increases. Rural education reform pilot project areas now exist in 12 counties (or municipalities). Institutions of higher learning have made positive contribution to economic construction. Social endeavors of all kinds thrived. Cultural activities of a mass character spread increasingly throughout the province. City and countryside medical treatment, prophylaxis, and health care conditions improved further. Planned parenthood saw outstanding achievements, with the birth rate declining during the past three years to a point lower than the overall national average in 1990. Physical activities increased rather rapidly, and the province's athletes steadily scoring outstandingly in major international and domestic competitions. Work in the various fields of news, publishing, radio and television broadcasting, environmental protection, national defense education, foreign affairs, overseas Chinese affairs, cultural relics, and archives produced new achievements.

**There was a substantial improvement in the lives of urban and rural residents.** In 1990, per capita annual income used specifically for living expenses in cities and towns reached 1,397.40 yuan, and peasant net per capita income reached 621.70 yuan. These were respective increases of 121.5 and 53.7 percent over 1985. At year's end, the savings deposit excess balance for urban and rural residents in the province amounted to 50.46 billion yuan, 3.9-fold increase over 1985. Living space for city and town residents rose from 7.06 square meters per capita in 1985 to 9.18 square meters. For peasants, per capita living space increased from 14.01 square meters to 17.3 square meters. Today more than 95 percent of people in rural villages have enough to eat and wear, and some have made the transition to being comparatively well-off status. The livelihood of people living in impoverished areas has also improved in varying degrees.

Concurrent with the rapid development of economic and social endeavors throughout the province has been a steady improvement in the building of a socialist spiritual civilization, democracy, and a legal system. Since the Fourth Plenary Session of the 13th party Central

Committee in particular, we have conducted thorough education on adhering to the four basic principles to oppose bourgeois liberalization in the diligent intensification of ideological and political work. Thorough struggles to "eradicate pornography" and to "eliminate the six vices" gave further impetus to the "five stresses and four points of beauty," did away with outmoded conventions and bad customs, and inculcated a new social atmosphere which cleaned up the social environment. A large number of civilized units and civilized villages and towns came to the fore. Governments at all levels steadfastly persisted in placing all government work under supervision of the people. They willingly accepted legal and work supervision from the People's Congress, and they accepted democratic supervision from the CPPCC. They warmly supported People's Congress delegate and CPPCC member observation, examination, and investigation of government work, and they took full advantage of the role of all democratic parties and all people's organizations, diligently handling all criticisms, views, suggestions, and proposals put forward. During the five-year period, the provincial government forwarded 37 local laws to the standing committee of the provincial people's congress for promulgation, and published 161 government regulations, thereby enabling political and economic activities throughout the province to start following a legal course. Government at all levels steadfastly persevered in cracking down vigorously on various kinds of serious criminal activities, more fully and comprehensively tackling the maintenance of social order to safeguard the basic stability of the province's social order. We unflaggingly devoted attention to the struggle to build clean government and oppose corruption. Government agencies at all levels further perfected various work systems, control systems, and examination systems. We thoroughly examined administrative discipline and specific matters. During the past three years, we investigated and disposed of a total of 10,164 cases of all kinds involving violations of the law and violations of discipline, sentencing 6,984 people to various kinds of administrative discipline. At the same time, we solved rather well a number of controversial problems about which social feeling was intense and about which the masses were concerned. Since 1989 in particular, special emphasis was placed on straightening out unhealthy tendencies in industries, and bringing the "three disorders" under control, with preliminary results obtained.

The various achievements of the province during the Seventh Five-Year Plan were encouraging. These achievements lay a solid foundation for the whole province's economic and social development during the 1990's and for realizing the strategic goal of the second doubling of the GVIAO. This resulted from the unified struggle of all of the province's people to overcome difficulties. In this regard, on behalf of the provincial government, I express my esteem for and my heartfelt thanks to the broad masses of workers, peasants, intellectuals, and cadres throughout the province, and to the

PLA officers and men, the people's armed police, and public security political cadre and police stationed in our province!

Even while affirming the achievements made during the Seventh Five-Year Plan, we must also realize that quite a few difficulties and problems remain in our economic development and in our work. The principal problems are as follows: 1. Development of the national economy throughout the province has yet to be truly put on a path which makes increased returns the key element. Problems of an irrational economic structure, low economic returns, and poor overall quality remain prominent. With a market slump and a shortage of funds, in particular, these problems have come more prominently to the fore. 2. In the direction of economic work, there has been a tendency toward impatience for success. For a time this resulted in a situation of overheating in economic construction. At the same time, some development opportunities were lost. This showed up largely in the late start in opening to the outside world and in slow development. Investment in fixed assets during the five-year period was 6.6 billion yuan less than the national average. This adversely affected reserve strength for economic development, and delayed economic development to a certain extent. 3. Some very glaring, deep-seated contradictions remain in the national economy, where they have accumulated for many years. The agricultural foundation is weak, and basic industries such as energy and raw and processed materials do not meet the needs of total economic development. The internal structure of processing industries is irrational, with relatively few name-brand or premium products being produced. The government's financial pinch and the shortage of construction capital continues to hamper us and adversely affect economic development and improvement of returns. 4. While concentrating energies on building a material civilization, the building of a spiritual civilization was neglected and relaxed for a period, for an "on-again, off-again" situation. Some government agencies and units failed to pay sufficient attention to building a clean and conscientious government. Among a small number of cadres, serious apathy and corruption continue to exist. Social order has not markedly improved. Tackling problems in an overall way has not kept pace, and the number of various and serious criminal cases continue to mount in some places. Ugly situations remain in some places. All these difficulties and problems are cause for serious concern for governments at all levels, and we should strive to improve and solve them in the course of our future work.

## **II. Fully Realize That the Provincial Situation is the Primary Basis for Formulating the 10-Year Program and the Eight Five-Year Plan**

The coming decade will be an extraordinarily crucial period for China's modernization. Politically, the ability to consolidate further and to develop tranquility and unity; and economically, the ability to realize the second-step strategic goals that the CPC Central Committee has laid down have a direct bearing on the rise and fall, and

the success and failure of socialism, and it has a bearing on the future and the destiny of the Chinese people. People throughout the province must clearly understand the great historical responsibility that we bear, and work wholeheartedly to handle Hebei's affairs well.

The key to a good performance in Hebei's economic construction lies in understanding both the advantageous conditions and the elements that restrict the province's economic and social development. This is an important foundation for drawing up the province's 10-Year Program and the Eighth Five-Year Plan. The outline drafts of the 10-Year Program and the Eight Five-Year Plan that have been sent to the People's Congress for discussion and approval have been put forward on the basis of the line, plans, and policies of the CPC central Committee, taking into account the special characteristics of Hebei's situation. What special characteristics exist in Hebei's situation? The advantageous conditions are principally in the following five areas:

First, the province's special geographic position in surrounding Beijing and Tianjin. Hebei girdles the two cities of Beijing and Tianjin. Hebei's economic development is extremely significant for the stability and the prosperity of Beijing and Tianjin. Similarly, Beijing's and Tianjin's development holds an extraordinarily direct radiating role on Hebei Province. Both the CPC Central Committee and all national departments are quite interested in Hebei's development. We can rely on this exceptional advantage—the proximity to Beijing and Tianjin—to strengthen ties with Central Committee organs, various departments of the national government, scientific research units in Beijing and Tianjin, institutions of higher learning, foreign trade agencies, large key enterprises, and agencies of various countries located in China. We can draw from them capital, skills, experiences, human talent, information, and materials for our own vigorous development, enrichment, and improvement.

Second, the fairly abundant energy and raw and processed materials. These are in suitable locations, thus providing further favorable conditions for development. Hebei Province's output of raw coal ranks fourth nationwide, and its output of clean coal ranks first. It is also next door to Shanxi Province, and has the advantage of being able to use that province's coal. In terms of the national economic development pattern, Beijing, Tianjin, and Tangshan are key areas for energy development. The central government actively supports the development of electric power in Hebei. Currently the province has an installed electric power capacity of 6.26 million kilowatts. Coal, electric power, and iron ore are concentrated in southern and eastern Hebei, where other associated materials are also plentiful. The potential for developing a steel industry is very good. The province has a fairly good foundation for a building materials industry, having more than 130 different kinds of products in 12 different categories, including plate glass and porcelain bathroom fixtures, in which it stands first in the country in output. The chemical industry not only

provides powerful support for the development of agriculture, but also provides support in the form of raw and processed materials for the development of other industries, particularly for the currently developing coal-based chemical industry, salt-based chemical industry, and petrochemical industry, which not only can greatly advance the production of raw materials for basic chemical industries, but will also create favorable conditions for future development of fine chemical industries.

Third, fairly good natural conditions and resources for the development of agriculture. During the 10 years of reform and opening to the outside world, agricultural production relationships have been revised, and production conditions have improved steadily. The province has a reservoir capacity of 14 billion cubic meters, 690,000 pump wells, and 55 million mu of irrigated land. Its output of major agricultural products holds an important position in the country. It has steadily improved its capability to store, transport, and do in-depth processing of agricultural sideline products. The development of agriculture provides a material basis not only for the light and textile, food, and pharmaceutical industries, but also creates fairly good conditions for increasing foreign-exchange earnings.

Fourth, the geographical advantages for opening to the outside world. Hebei is one of China's nine coastal provinces, and Qinhuangdao was the first coastal city that the State Council approved as an open city. As a result of the development done during the Seventh Five-Year Plan, the province now has a certain basis for opening to the outside world. It has established Qinhuangdao, Tangshan, Cangzhou, and the Bohai Gulf as economic zones open to the outside world, and it has scored definite achievements in using foreign capital and in operating three kinds of partially or wholly foreign-owned enterprises. New advances have also been made in building export bases for foreign trade. Substantial progress has been made in domestic economic and technical cooperation. More than 60 cities and counties, including Zhangjiakou, Baoding, Langfang, Tangshan, Chengde, Cangzhou, and Qinhuangdao, part in the Beijing-Tianjin and Bohai Gulf Economic and Technical Cooperation Zone. Transportation, communications, electric power, and water supply facilities have further improved. Overall, the province's abilities to attract foreign capital, invest jointly with concerned departments at various levels, and earn foreign exchange through exports has improved steadily, and its performance in opening to the outside world is steadily improving.

Fifth, a further strengthening and improvement of the province's economic strength and basic facilities during the past 10 years or more of reform and opening to the outside world. This lays a rather good foundation for the Eighth Five-Year Plan, and for speedier development in the coming 10 years. The quality of the broad masses of cadres has improved as a result of being tempered by more than 10 years of reform and opening to the outside world. Their awareness of the meaning of a socialist

commodity economy and of reform and opening to the outside world has increased with each passing day. From top to bottom, they have an intense desire to hasten Hebei's development. While fully appreciating the provinces' advantages, one must also see clearly our weaknesses and limitations. In a nutshell, they exist primarily in the following regards.

1. Water is in short supply, yet waste is serious. Our province has fewer water resources than any other province in the country. It stands twenty-fifth in the amount of water per capita, and the average amount of water per mu is only one-tenth of that for China as a whole. In most years, it runs a shortfall of 6 billion cubic meters, and in rather dry years it has a shortfall of 16 billion cubic meters. While on the one hand there is a lack of water, on the other hand the amount of water wasted in production is astounding. Water conserving practices are employed on only 30 percent of the province's irrigated farmland. Conventional irrigation methods are used on more than 30 million mu of additional farmland. With an annual rate of excess water consumption that is 50 cubic meters per mu, more than 1.5 billion cubic meters of excess water is used each year. In industries that use substantial amounts of water for production, such as in electric power, the chemical industry, metallurgy, and coal production, the percentage of water recycling is slight. Measures to control and use waste water are rather weak.

2. The overall production capacity of agriculture is not high. Despite the fairly good natural conditions and resources available for developing the province's agriculture, generally speaking, the ability to withstand disasters, yields per unit of area, product quality, and overall economic returns are not high. Despite the development of the economy and the rise in the people's standard of living, the demand for grain will become increasingly great. Cotton production has not fulfilled the plan for several years in a row. After fulfilling the state quota each year, only half of the province's demand for cotton can be satisfied. The province actually has an overall annual agricultural production capacity of between 20 million and 21 million tons of grain, about 550,000 tons of cotton, and about 600,000 tons of oil-bearing crops. Without great improvements in production conditions, advancing a step will be extremely difficult. In order to support the present per-capita amount of grain in the year 2000, gross output will have to reach more than 27.5 million tons. This will not be very easy. Raising the per-capita amount to a new level will be even more difficult.

3. Basic industries are relatively weak; there is large consumption of energy and raw and processed materials. Despite the yearly increase in the production of coal and electric power, supplies of coal and electricity still fall short of needs for the development of raw and processed materials industries and processing industries. The province currently has an annual energy shortfall of more than 30 million tons of coal, and the southern grid has a 3.5 billion kwh electric power shortfall. Some raw and

processed materials are always in fairly short supply. The self-sufficiency rate for many varieties of processed steel, such as steel plate, steel tubes, and strip steel, as well as for chemical fibers, is very low. Because of the industrial structure, technology, equipment, and management, the energy and materials consumption indices of the province's industry are higher than the overall national average. This makes the already scarce supply of energy and raw and processed materials even scarcer.

4. The industrial structure is not sufficiently rational; economic returns are low. In both light and heavy industry, there are conspicuous problems with pretty ordinary products, monotonous varieties, preliminary processing, and low quality. Direct shipments of energy and of raw and processed materials also account for no small percentage of total shipments. In the textile industry, only about 40 percent of the total yarn output is printed or dyed, colored, or further refined into folded yarn used for knitting, an amount lower than the national average of 50 percent. Textile industry exports also consist primarily of cotton yarn and grey cloth, with the amount of foreign-exchange earnings per ton of textiles far lower than the national average. In the chemical industry, 40 percent of output is chemical fertilizer, with the percentage of organic chemicals, synthetics, and fine chemicals being relatively small. In the metallurgy industry, iron ore beneficiation, steel smelting, and ordinary rolling accounts for 90 percent of production. The amount of premium-quality steel is slight, and processed steel products lack diversification. In the machinery industry, electronics industry, and light industries, premium and name-brand products are also relatively scarce, and do not hold a high market share.

5. Progress in opening to the outside world has been fairly slow. For the province as a whole, the understanding of opening to the outside world is not very good; thinking is not sufficiently emancipated; and ideas are rather outmoded. For one thing, exports that ear foreign exchange do not meet the needs of opening to the outside world, and they do not meet the needs of importing technology or the technological transformation of enterprises. For another thing, large strides have not been taken in importing from the outside world, or in joint investment with concerned departments at various levels; the amount of foreign capital used has been relatively small; and insufficient progress has been made. In foreign economic cooperation and exchanges, and in importing of foreign capital and technology, courage has been lacking. The building of an investment climate, cadre quality, and efficiency in action have also not been in keeping with the requirements of opening to the outside world.

6. The problem of linking science and technology to the economy has not yet been properly solved. First of all, economic development has not been sufficiently linked to plans for the development of science and technology. In drawing up macroeconomic and social development plans, leaders as well as economic planning bodies and administrative units have not paid close attention to

relying on scientific and technical progress. Science and technology units lack a sufficient understanding of, and have not sufficiently studied economic development needs, nor have they taken sufficient initiative in socio-economic development. Second, scientific research and the tackling of key problems has not been sufficiently linked to the spread and application of research results. It has been difficult to translate some well developed scientific research achievements into production. Currently, the province's rate of translating research successes into production stands at only about 30 percent, and its absorption and innovative use of advanced imported technology and equipment is less than 10 percent. Third, there is a lack of coordination between top and bottom in the spread of scientific techniques. Scientific techniques have not really been applied to enterprises, rural households, or to the production process. Frequently "scientific and technical dislocations" occur. Despite the very large amount of work that grassroots cadres and technical personnel have done in applying and spreading scientific research achievements, and despite the numerous good experiences they have had in so doing, for the province as a whole, a mechanism for promoting and applying scientific techniques that links the top and the bottom organically and can be completely put in place has yet to take shape. Fourth, the training of talent has also not been sufficiently linked to science and technology and the development of production. The main problem is that the educational structure does not match the development of science and technology and production. Some skills and disciplines for which there is an urgent need are in short supply or exist on too small a scale. Vocational skills training still cannot be dovetailed or integrated well with urban and rural economic development.

7. Population inflation. It happened that the peak period for births in the province fell at the end of 1990; the population had increased to nearly 10 million since the end of 1980. A substantial portion of the increase achieved in production has been eaten up by the increased population. The overly rapid increase in population not only exerts enormous pressures on economic growth, employment, urban and rural construction, and cultural education, but it also directly hurts the realization of the goal of reaching a fairly comfortable standard of living by the end of the century.

### **III. Guiding Thoughts, Combat Targets, and Main Tasks for the 10-Year Program and the Eighth Five-Year Plan**

"The suggestions" ratified by the Seventh Plenary Session of the 13th party Central Committee are a capsulation of the basic theories and practice for building a distinctively Chinese brand of socialism. They provided clear-cut guiding thoughts for drawing up the 10-Year Program and the Eighth Five-Year Plan. In his report to the fourth meeting of the Seventh National People's Congress [NPC], Premier Li Peng presented five basic guiding policies for the 10-Year Program and the Eight Five-Year Plan. These were permeated with a spirit of

common Marxist truths linked to concrete practice. Acting in the spirit of "the suggestions" as they apply to Hebei Province's special circumstances, the provincial CPC committee presented seven guiding thoughts and principles for drawing up the province's 10-Year Program and Eighth Five-Year Plan, which are completely consistent with Hebei's realities. In order to make sure that these guiding policies and principles of the Central Committee and the provincial CPC committee will be fully implemented in the province's 10-Year Program and the Eighth Five-Year Plan, we must pay particular attention to understanding the spirit of the following six articles when leading and organizing economic and social development:

The first article is the resolute implementation of the party's basic line of "a single center and two basic points." "A single center and two basic points" are interrelated and interdependent. The "two basic points" ultimately unite in "a single center" for the building of a distinctively Chinese brand of socialism. From top to bottom, the whole province must consciously subordinate itself to and serve the central task of economic construction, moving unflaggingly ahead with economic construction to ensure the long-term, sustained, stable, and coordinated development of the whole province's national economy.

The second article is adherence to the ideological line of seeking truth from facts. Despite our very great achievements during the past 10 years, a substantial gap still exists between Hebei and advanced provinces. Thus, we must both realize that the gap exists and act courageously and resourcefully to catch up. Everything that can be accomplished with effort, we must strive in every possible way to achieve. However, we must also realize that improvement of the economic quality of the whole province is also a process, and that eliminating the factors that restrict economic development is a daunting task. We must persevere in making haste slowly, act according to our capabilities, and not be overly anxious for success.

The third article is the correct handling of the relationship to stability of reform and development. We must persevere in making reform and opening to the outside world the motivating force that impels economic development, seeking stability in the midst of development. We must raise higher the banner of reform and opening to the outside world; emancipate our thinking more fully, act more courageously, have more nerve, and strive to carry forward a spirit of courage in thought, exploration, and innovation. We must do more in the way of reform, strive to enlarge the opening to the outside world, and usher in a new situation in building the economy while reforming and opening to the outside world.

The fourth article is paying extremely close attention to major contradictions that hurt the overall situation in economic development, concentrating energies on solving and overcoming major problems and difficulties

in economic work. We must focus on main contradictions, diligently organize a "great chorus" in economic construction, and fight a "total war" in economic construction. Only by focusing on main contradictions can we capture the essence, the mainstream, the extremely key points, and produce results, achieving success with half the effort.

The fifth article is carrying forward a spirit of self-reliance, arduous struggle, and arduous pioneering. Support from the state and fine external conditions, though admittedly important, must be limited. Even though the state gives us support, we must rely on our own efforts to attain development goals. We must rely heavily on our own strength, fully arouse the zeal of the broad masses of cadres and people throughout the province, pioneer arduously, and strive to improve economic returns. While increasing production and practicing economy, and while increasing income and reducing expenses, we must solve the contradictions in economic development of relatively insufficient resources and a shortage of capital to hasten the development of Hebei.

The sixth article is that building socialist spiritual civilization is both an important goal and an important guarantee for advancing the building of material civilization. We must certainly profit from the lessons of history, resolutely overcome blowing hot and cold, and adhere to a policy of building the material and spiritual civilizations at the same time. While steadily improving material life, we must improve ideological and political work and strive to enrich and invigorate people's spiritual life, thereby advancing steadfastly and correctly, increasing cohesiveness, and stimulating the province's people to devote themselves more consciously to the task of socialist modernization.

**The overall conception for the province's economic and social development for the next 10 years is: persevere in making building the economy the core; use education in science and technology as a guide; emphasize readjustment of the structure and improvements of returns in order to continue deepening reform and broadening the opening to the outside world; rise to a new stage in agriculture; increase the depth of industrial processing; bring about a turn for the better in government finance; and raise the overall quality of the national economy to a new level, quadrupling GNP by the end of the present century in comparison with 1980. The people's livelihood should become comfortably well off.**

On the basis of such an overall conception, the main goals of the struggle in the next 10 years are as follows: A steady growth of more than 6 percent per year for the whole province's GNP, holding the province's total population to within 69 million by the end of the century; and attaining a per-capita grain output of 400 kilograms, and a per-capita GNP of 2,100 yuan or more. These four targets are the main standards for Hebei Province's realization of the second strategic goal in socialist modernization. Attainment of a per-capita GNP of 2,100 yuan or more will require an annual

per-capita increase in the province's GNP of more than 6 percent. Although lower than during the previous 10 years, this goal will be very difficult to attain because of the large base figure. Moreover, these two targets are premised on keeping the province's total population to within 69 million. This will require, in turn, that the natural rate of increase for the next 10 years be controlled at an average 11.43 permillage. In short, these four targets do not exist in isolation, but are mutually restrictive. Failure to attain any one of them will hurt the realization of the other three. Thus, the task we face is an extremely daunting one.

After 10 years of effort, the province's national economic and social development must meet the following requirements:

1. A marked increase in GNP. With vigorous efforts to increase economic returns and optimize the economic structure, by the end of the present century the province's GNP should reach 148 billion yuan, in terms of prevailing 1990 prices. After deducting for price factors, it will be more than five times the 20.92 billion yuan of 1980. The GVIAO will reach 280 billion yuan.

2. Vast improvement in the economic foundation. Goals include adding new fixed assets with an original value of 160 billion yuan within 10 years, which is 1.4 times the original value of the 114.4 billion yuan of fixed assets accumulated in the 41 years since founding of the People's Republic; an increase in the area of fields with consistently high yields from the present area of 31.4 million mu to 60 million mu; and an increase in installed electricity production capacity from the 6.26 million kilowatts of the end of 1990 to 14.26 million kilowatts.

3. A tendency toward a more rational economic structure with further development of superior industries. This includes a decline in the percentage of primary industries, from 27.3 percent in 1990 to about 21 percent, and a rise in the percentage of tertiary industries, from 24.6 to around 30 percent. It means strengthening the foundation for agriculture to make it substantially able to meet the needs of national economic development and improvement in the people's standard of living. Outputs of grain, cotton, and oil-bearing crops will reach 27.5 million tons, 1 million tons, and 1.1 million tons respectively. Key industries such as energy-producing industries, light and textile industries, metallurgy industries, machinery and electronics industries, the chemical industry, and the building materials industries will be strengthened further, with a marked amelioration in the shortage of energy and of raw and processed materials. Outputs of major industrial products such as pig iron, steel, processed steel, cement, plate glass, bathroom porcelain fixtures, crude salt, soda ash, and power generation will be in the front ranks of the country. Overall industrial quality will improve markedly, with the production technology for major products reaching the international standards of the 1980's.

4. Transportation and communications will be easier. The new construction, expansion, and remodeling of the Beijing-Jiutai and the Dalian-Qinhuangdao railroads; 10 trunk highways, including the one running from Beijing to Shenzhou; eight ports, including those at Qinhuangdao, Tangshan, and Huanghua; three airfields, including those at Shijiazhuang, Tangshan, and Qinhuangdao; the fiber optics cable communications circling Beijing and Tianjin; the more than 1 million circuit programmable telephone switching equipment; and the provincewide economic information network will shape a fairly complete overall transportation network and a post-telecommunications-information network that combines railroad, highway, air, and water transportation.

5. Complete development of regional economies. With marked improvement of the investment climate, the economy of coastal zones opened to the outside world will enter a new period of development. With the construction of the Huanghua Port; the building of the Beijing-Shenzhou, the Shuoxian-Huanghua, and the Handan-Jinan railroads; several electric power plants coming on-line, including those at Huangbizhuang, Hengshui, and Huanghua; and the completion of the Huang He diversion project, the economic development of urban and rural areas in the vast plains region of central and southern Hebei will also accelerate. With greater resource exploitation, vast flatland and mountain areas will establish a preliminary foundation for economic development. The broad masses of peasants will be able to free themselves from poverty. Once they have sufficient food and clothing, they will be able to move toward a reasonably comfortable life, and some places may lead more than a reasonably comfortable life.

6. Overly fast population growth has been brought under control, and the deterioration of the ecological environment has taken a marked turn for the better. Efforts must be made to hold the total population of the province to within 69 million by the end of the century. Work is largely completed on projects to build a flatland ecology, on the greening of the capital's environs, on the greening of Taihang Shan, on shelter forests for plains farmlands, and on shelter forests for coastal areas. The forested area of the province is to reach about 25 percent. Industrial pollution has been controlled and reduced, and the environmental quality of major cities, tourist areas, and principal waterways has improved markedly.

7. Coordinated development of economic construction and social endeavors. By the end of the present century, education in science and technology will grow by leaps and bounds, creating a fine mechanism that closely links science and technology with the economy. The percentage of overall returns for agriculture stemming from technology will increase from the present level of 30 percent to about 60 percent. The portion of the gross value of industrial output [GVIO] of industry under ownership of the whole people that is attributable to technological progress will rise from the present level of 30 percent to around 50 percent. Illiteracy among the

young will be substantially eradicated throughout the province, and there will be compulsory education through the ninth grade in cities and towns, as well as in more than 90 percent of rural villages. During the coming 10 years, nearly 1 million graduates of colleges and secondary technical schools of various kinds will go to work. Cultural facilities will be substantially improved, and the mass education movement will see greater development. Medical care and health conditions will improve further, virtually everyone having access to basic level health care. Building of socialist spiritual civilization will reach a new level; the ideological and cultural front will see further consolidation and development; and socialist democracy and the legal system will be put on a sounder footing.

8. The people's living standard will be comparatively well off. The quality of urban and rural residents' consumption of clothing, food, items used in daily life, and travel, their consumption pattern, and living conditions will improve further, and their comfortably well-off standard of living will rise. Social service facilities and social security will improve steadily, and their spiritual civilization life will be richer.

Realization of the second step strategic objective is divided into two stages, namely the Eighth Five-Year Plan and the Ninth Five-Year Plan. During the first year or so of the Eight Five-Year Plan, improvement and rectification and the deepening of reform will continue. Development will be pursued in the midst of improvement and rectification. Improvement and rectification will continue in the midst of development to win greater advances in the readjustment of the industrial structure and the deepening of reform. This will lay a solid foundation for realizing the second step strategic objective. The main goal of the struggle during the Eighth Five-Year Plan may be summarized as "six things that surpass 1,000," and the "six attains." The six things that surpass 1,000 means accumulating 120 billion yuan in provincial fixed assets within 5 years; adding 13.6 million mu of farmland that produce consistently high yields; emphasizing carrying out technological transformation in more than 1,000 industrial enterprises; having more than 1,000 bases and enterprises earning money from exports by 1995; having more than 1,000 three kinds of partially or wholly foreign-owned enterprises by 1995; and developing more than 1,000 new products each year. The six attains mean a provincial GNP of 108 billion yuan by 1995; a GVIAO of 198 billion yuan; fiscal revenues of more than 11 billion yuan; local foreign-trade exports totaling \$2 billion; an all-personnel labor productive rate in industrial enterprises under ownership of the whole people of about 20,000 yuan; and an urban and rural per capita consumption level of 800 yuan.

We have drawn up a magnificent blueprint in the form of a conscientiously calculated and formulated 10-Year Program and the Eighth Five-Year Plan, which are based on a full estimate of the province's potential for economic development, to provide clear-cut development

goals. Translating these goals into reality will require all people in the province to unite, fight stubbornly, surmount all difficulties, and work unflaggingly. For the province as a whole, the next 10 years, and particularly the Eighth Five-Year Plan, will require concentrating energies to diligently resolve the following 10 major problems:

**First, energetically strengthening agriculture, and raising the overall productive capacity of agriculture.** Agriculture is the foundation for the whole national economy. Not only during the Eighth Five-Year Plan but during the entire 10 years as well, agriculture can only be strengthened; it cannot be weakened; The heat can only be turned up; it cannot be turned down. The development of agriculture must center closely around high yields, premium quality, low consumption, and high efficiency in the growing of grain, cotton, oil-bearing crops, and livestock products. There must be efforts to raise returns from agricultural production and mobilize social forces in all regards to sustain an increase in the overall productivity of agriculture. Consolidation and perfection of the household contract responsibility system must be used as a foundation for adhering to the six increases, the first of which is to steadily increase investment in agriculture to increase the capital construction of agriculture. Second is active development of the collective economy to increase the real economic strength of both townships and villages. Third is the active promotion of a fully integrated dual-level operations to accentuate the building of the rural service system. Fourth is to continue using science and technology to make agriculture flourish, doing more for the overall development of agriculture. Fifth is the mobilization of all society to assist agriculture in building greater industries that support agriculture, for the purpose of serving agriculture. Sixth is the active spread of the rural commodity flow system reform to increase the supply of the means of agricultural production, and the sale of agricultural by-products. Raising the overall production capacity of agriculture requires tailored guidance for plains, mountain, and flatland regions. For plains, the emphasis should be on improving medium- and low-yield fields, tackling water, fields, forests, and roads as an integrated problem in the building of consistently high yield fields. In flatland areas, the emphasis should be on building the ecology with vigorous development of protective forests, a commodity livestock industry, and self-sufficient agriculture, linking farming, forestry, and livestock raising. In mountain regions, the focus should be on the capital construction of farmland, centering around preventing water and soil run-off, taking the road of developing Taihang Shan, applying science and technology to mountains, and emphasizing building in ravines and mountains that can be put to good economic purpose. For the next five years, the gross value of agricultural output [GVAO] for the province as a whole should grow at an average of 3 to 4 percent, with outputs of grain, cotton, and oil-bearing crops reaching 24.5 million, 800,000, and 900,000 tons respectively by 1995. Outputs of meat, eggs, and milk should reach 1.48

million tons, 545,000 tons, and 186,000 tons. Output of aquatic products should reach 275,000 tons. During the Eighth Five-Year Plan, 22.5 million mu is to be afforested, with the forest cover rate for the province rising to approximately 20 percent. Soil resources must be cherished and used rationally, the "Land Management Law" conscientiously implemented, illegal takeovers and waste of cultivated land resolutely rectified, and active encouragement and support given to the development of new land for agricultural use. During the Eighth Five-Year Plan, premium varieties of major farm crops should be spread to more than 90 percent of the crop growing area. The area on which model farming techniques are used is to be expanded to 60 million mu; the ground cover area increased to 4 million mu; the scientific fertilization area increased to 64 million mu, and the spread rate for traditional skills reaching 50 percent. Output of chemical fertilizer and agricultural pesticides is to reach 1.7 million and 20,000 tons respectively. The gross output value of township enterprises is to grow by an average approximately 12 percent annually. Emphasis is to go to developing collective enterprises in townships and villages. There should be efforts made increase the gross output value of township enterprises as a percentage of the gross output value of township enterprises from the present 43 percent to more than 60 percent.

**Second is efforts to develop water resources to correct the province's serious water shortage.** During the Eighth Five-Year Plan, governments at all levels must treat solving the water shortage as a strategic problem, devoting genuine attention to it. They must concentrate manpower, material, and financial resources on building several water resources development projects having a bearing on the overall water situation. The state has already approved the building of the Taolinkou Reservoir, which is to be largely completed during the Eighth Five-Year Plan, in order to obtain benefit from it during the Ninth Five-Year Plan. The state is hurrying the planning of the Huang He diversion project, so we must seize the opportunity for actively getting started on it as soon as possible, so as to be able to begin construction during the latter part of the Eighth Five-Year Plan. While devoting attention to these two projects, the province, prefectures, and counties must actively pool funds to impound surface water and rationally develop underground water resources. At the same time, projects to relieve waterlogging have to be maintained to ensure the safe draining of flood waters. Because of the lack of water resources in the flatland prefectures of Zhangjiakou and Chengde, their water problems will not be solved even when the two large projects are completed. Therefore, there must be a bias toward and support given to the construction of water conservancy in Zhangjiakou and Chengde prefectures. The building of projects to prevent water and soil runoff, water conservation, and rational development of water resources can gradually correct the water shortage.

**Third is more construction of basic industries and basic facilities to increase reserve strength for economic development.** During the Eighth Five-Year Plan, energy transportation, communications, and important raw and processed materials interests will have to continue as the emphasis in development of the national economy. While tapping enterprises' potential, transforming existing enterprises and existing facilities, and making the most of the benefits they provide, it is also necessary to build or expand in a planned way a number of large-and medium-sized key projects. While renovating old coal mine shafts and tapping potential, attention must be given to the continued building and new construction of mine shafts, with emphasis on developing the Weixian County coal fields. Development of the electric power industry must be accelerated, and a number of power stations, such as those at Huangbizhuang, Shalingzi, and Sanhe, must be newly built or enlarged in an effort to achieve an additional 4.11 million kilowatts of production capacity. In transportation and communications, while cooperating with the state in building the new north-west and east-west railroad passageway and communications trunk line, greater efforts must be placed on renovating and building main highway trunk lines and highways for moving coal out of Shanxi Province, to accelerate the building of long distance, urban, and rural telephone communications networks. In the metallurgy industry, emphasis must be given to the deep processing of steel products, increasing output of premium steel, and increasing varieties and output of steel plate, steel tubes, and steel strips. In addition, efforts must be directed to obtaining early state approval for and initiating construction of eastern Hebei big steel. The construction industry is to emphasize developing three leading products, namely cement, glass, and porcelain-ware used in construction; and emphasizing product quality, variety, and distinctiveness to maintain a dominant position and to increase foreign-exchange-earning exports. While paying attention to the production, transformation, and construction of chemical industry products to support agriculture, the chemical industry must make full use of the province's coal, petroleum, and salt resources, vigorously develop "standardized, serialized, and generalized" industries, and vigorously develop basic chemical raw materials urgently needed in the province. In particular, it must organize chemical industry raw materials in order to actively develop foreign-exchange-earning chemical industry products and fine chemical products. While diligently devoting attention to the building of basic industries and basic facilities during the Eighth Five-Year Plan, all energy-consuming and raw-materials-consuming units must promote new technology, new skills, and new equipment, better control and account for energy and for raw and processed materials, concentrate on the conservation and multiple use of energy resources and raw and processed materials, and clean up sources of pollution to enable greater economic returns from limited resources.

**Fourth is the transformation and improvement of processing industries, and support for development of light**

**and textile industries.** During the Eighth Five-Year Plan, development of processing industries must be suitably accelerated. There must be vigorous efforts to improve product quality, increase product varieties, and increase the depth of processing and product grades. Attention should center closely on domestic and foreign market needs when developing a number of hot-selling, name-brand, premium, special, new, and high-quality products. While maintaining the present scale of cotton textile output, the textile industry must emphasize development of deeply processed, high value-added products, such as printed and dyed textiles, chemical fibers, and double knits, suitable for such uses as clothing, decoration, or industry. They must develop new, gaily-colored, and fashionable products, and new colors and styles to increase product market competitiveness. Light industry is a weak link in the province. In order to change the backward state of the province's light industry, a number of well-established and promising products must be selected, and their quality, number of grades, level, and scale improved. Thus they can be developed into hot-selling products that have a distinctive Hebei flavor, hold a high share of the domestic market, and can penetrate international markets so that the province's light industry will improve substantially during the Eighth Five-Year Plan. The electro-mechanical industry should concentrate on developing high-technology products, integrating machinery and electronics, and modern communications. Particular emphasis should be placed on assimilating and using imported equipment and technology in an innovative way, to bring up the level of the electro-mechanical industry. Other industries, such as pharmaceuticals, should also use transformation and improvement as a means of producing competitive hot-selling goods. They must hasten readjustment of their organizational structure and use name-brand, premium, special, new, and high-quality products as a turnkey. They must act in accordance with the associated principles of the economies of scale and specialized cooperation and advance association and cooperation between enterprises, between enterprises and research organizations, and among colleges and secondary technical schools. They must develop entrepreneurial groups in a planned, gradual way in order to improve the degree of industrial organization, the technical level, and product competitiveness.

**Fifth is the accelerated development of scientific and technical education, resolutely carrying out a development strategy of "prosperity for Hebei through science and technology."** Science and technology has to keep abreast of key technologies and problems in economic development. It must follow a course that combines development of scientific research, assimilation of imports, and the application of achievements. It must focus on the technological progress of agriculture, the light and textile industries, electro-mechanical industries, metallurgy, the chemical industry, energy, and on accelerating research, development, and application of new products, skills, technologies, and materials. The Eighth Five-Year Plan call for tackling 76 different scientific and technical

projects, 54 torch plans, and 135 spark plans. Each year 100 major scientific and technical achievements are to be promoted for use, and a number of key laboratories and intermediate production lines are to be built at institutions of higher learning, research institutes, and enterprises. Within two or three years, an overwhelming majority of enterprises will be associated with scientific research units and institutions of higher education as they build various kinds of integrated bodies combining research and production. Building of the Shijiazhuang high- and new-technology industrial development zone is to be accelerated, with the principal emphasis being on developing communications, micro-electronics, electro-mechanical integration, biological engineering, and nuclear application techniques. Study of the social sciences is to be guided by Marxism and Mao-Zedong-Thought. The focus is to be on the theoretical and practical problems of developing the province's economy and society, reforming and opening to the outside world, and building a spiritual civilization. Ideas and suggestions are to be actively presented and fully used in the building of material and spiritual civilization.

Education must meet requirements for people's all-around morale and intellectual and physical training, with the emphasis on basic education, vocational education, and teacher training, to improve the quality of education and to increase benefits from running schools. By 1995, 95 percent of cities and towns and 58 percent of rural villages are to have compulsory education through the ninth grade. The focus of higher education should be on improving educational quality and changing the curriculum in the planned building of a number of key specialties and key disciplines that meet national standards. Vocational education must be oriented toward developing industrial and agricultural production, readjusting the overall pattern, improving quality, and providing people with all kinds of vocational skills for real local needs. By the end of the Eighth Five-Year Plan, 61,800 students will be in ordinary institutions of higher education, with 45,000 adults taking advanced education courses. Technical secondary school enrollments will number 172,000.

**Sixth is the vigorous increase in income and the reduction of expenses to ease the government's financial pinch.** By 1995, government fiscal revenues should reach more than 11 billion yuan. Six counties will have annual government revenues of 100 million yuan; 24 counties will have annual government revenues of more than 50 million yuan; and 30 counties will no longer require government subsidies. The number of industrial enterprises paying profits and taxes of more than 100 million yuan will increase from 57 at present to 98, and the number paying more than 5 million yuan will increase from 45 to 82. Ninety-four enterprises that have been losing more than 2 million yuan, and 185 enterprises that have been losing more than 1 million yuan will have reversed their fortunes. Improvement of control over expenditures and cutbacks in administrative expenses

will gradually remedy the deficit within four or five years. By 1995, the whole province will have largely eliminated its deficit and gradually increased the percentage of constructive expenditures.

**Seventh is the further acceleration of the pace of opening to the outside world.** By 1995, the volume of ordinary trade and export earnings of the three kinds of partially or wholly foreign-owned enterprises in the province will total \$1.7 billion. Each year between 80 and 100 export-commodity-based enterprises will have to be built. During the Eighth Five-Year Plan, efforts will be made to use a total of slightly more than \$600 million in foreign capital, and to have more than 1,000 three kinds of partially or wholly foreign-owned enterprises in the province by 1995. A total of more than \$200 million is to be made from the province's foreign project and labor cooperation contracts, and foreign-exchange earnings from international tourism are to reach more than \$60 million. Economically developed areas are to operate the existing three kinds of partially or wholly foreign-owned enterprises, while also being bolder in attracting foreign capital to older enterprises for the "grafting" transformation. Areas that are not very economically developed should take the initiative in investing jointly with concerned departments at various levels, striving to build production partnerships each year to import scientific and technical achievements. At the same time, they should actively develop imports from abroad. The Qinhuangdao, Tangshan, and Cangzhou zones, which are open to the outside world, should follow the principles of emphasizing key points, moving step by step, and gradually advancing in building basic facilities and improving the investment climate in an effort to see greater, faster, higher, and better development of foreign imports and joint investment with concerned departments at various levels during the Eighth Five-Year Plan. The Qinhuangdao Economic and Technical Development Zone should accelerate the pace of construction, and actively widen the size of the foreign economic development zone.

**Eighth is providing for the people's livelihood.** While developing production, people's level of consumption and their living quality must be steadily improved. During the Eighth Five-Year Plan, the per capita net income of both peasants and workers should increase substantially. The per capita consumption of urban and rural residents should increase by about 3 percent, and food, clothing, housing, and travel should also see further improvement. Unemployment should be better solved. Service trades, the real estate industry, and public utilities, such as water, gas, and public transportation, should improve substantially.

**Ninth is strict control over population growth.** It is necessary to increase awareness of the hardships that an overly rapid increase in population brings; increase individual awareness of national economic development needs; and unwaveringly practice planned parenthood to realize fine births and sound offspring. During the Eighth Five-Year Plan, various measures, including

greater use of propaganda, laws, and administrative actions, must be employed to ensure that the province's population will be held within 65.9 million by the end of the Eighth Five-Year Plan, and to put planned parenthood work on a more regular, systematic, and scientific course.

**Tenth is the active, bold, and steadfast advance of further economic system reform.** Further effort is required to emancipate thinking, update ideas, and to promote and deepen reform. We must be adept at closely linking the Central Committee's plans and policies with local realities, actively exploring, pioneering and advancing, and developing in a creative way. Close attention must be given invigorating enterprises, particularly the large- and medium-sized enterprises that are the backbone of the socialist economy, as we deepen enterprise reform. During the Eighth Five-Year Plan, it is necessary to continue to consolidate and improve existing contract methods, and to improve the whole process of control over enterprise contracting. A stimulus mechanism for promoting technical transformation and technological progress has to be built; the plant manager responsibility system adhered to and improved; and wholehearted reliance placed on the working class in operating enterprises. New enterprise administration mechanisms, such as the leasing system and the stock share system, must be explored; pilot projects separating tax payments from profit payments run; and enterprises' operational autonomy, responsibility for their own profits and losses, self-limitation, and self-development advanced. Optimization of enterprises' organizational structures must continue. Enterprise mergers and partnerships must be used as a means for building a number of enterprise blocs to realize benefits from the economics of scale.

Reform of the commodity flow system must continue, with the goal being building a highly efficient, smooth-flowing, regulatable, and controllable commodity flow system. This would reduce the middlemen and keep commodity circulation channels open. It is also necessary to gradually solve prominent problems in the commodity circulation field, straighten out the administrative system, and readjust interest relationships in various regards. Commodity materials exchanges between regions and between city and countryside must be actively expanded. Full use must be made of the role, principal channels, and reservoirs of state jointly operated businesses and state-owned materials units, using their function in regulating the volume of flow, leveling out prices, and stabilizing markets. Further development and perfection of consumer goods markets and expansion of means of production markets is needed. There should be planned, step-by-step development of production factor markets, including those for technology, labor, capital, and information. "Regional blockading" and "market splintering" must be gradually destroyed. Vigorous development of tertiary industries and vigorous support for building commercial and service trade network outlet points is needed. In the development of tertiary industries, the role of the collective and the individual economies must be brought to the fore.

Also needed is deepening reform of the foreign-trade system and perfection and reform of the foreign-trade contracting system to enable a gradual unification of policies, fair competition, administrative autonomy, responsibility for one's own profits and losses, the linking of industry and trade, the promotion of the agent system, and a unified policy toward the outside world. Plan control and administrative control over export commodities must be improved to reduce losses, lower costs, increase profits, and heighten benefits. While persevering in expanding exports and seeking economic returns, methods of dividing up foreign exchange must be improved. The systems of foreign-exchange settlement and foreign-exchange use must be reformed, and foreign-exchange allocations invigorated.

Deepening of reform of the finance and banking system and the investment system is needed to raise funds and obtain finance capital for building the economy. Finance and banking units must steadily develop savings accounts to actively organize and expand sources of funds. They must actively develop direct finance capital markets and gradually develop and perfect securities exchange markets. They must take stock of available funds, tap funds potential, and improve settlement methods to accelerate the turnover of capital. They must be guided by industrial policy in the rational allocation of credit funds. Further deepening of reform of urban and rural credit cooperatives is needed to enable urban and rural credit cooperatives to play a more active role in enlivening the economy. In the investment system, there is a need for unified planning of investment in fixed assets throughout society, with level-by-level control. A funding system for capital construction should gradually be built, to use dispersed funds in the building of key construction projects. The system of bidding for construction projects should be promoted to use market competition mechanism's role.

More should be done to build a provincial-level macroeconomic regulation and control system, in order gradually found a macroeconomic regulation and control system that integrates economic, administrative, and legal methods; the state plan must be the main foundation. The indirect regulation and control system must be strengthened in particular, in order to better apply fiscal, financial, tax, and price levers and regulate the operation of the economy. Plan control forms and methods must be reformed so that plan decisions and control is more scientific and effective. The relationship of planning to fiscal and banking units, as well as to other units, must be straightened out to take advantage of the overall functions of statistical information, consulting, and supervision when gradually establishing a provincial-level macroeconomic regulation system that is both centrally unified and able fully to carry out its own functions.

Reform of the housing and social security systems should be accelerated. The start should be with reforming low public-housing rents, raising rents and subsidies, saving for housing, paying cash deposits, selling at preferential prices, and pooling funds to build housing. Methods

should gradually change, from the present distribution in the form of goods to distribution in the form of cash for housing. This will realize a benign input-output cycle in investments of housing funds, and better satisfy people's ever-increasing demand for housing. In both cities and rural areas, social old-age insurance, disability insurance, and unemployment insurance systems should be set up to promote various social welfare measures.

#### **IV. Fight the First Battle of the Eighth Five-Year Plan Without Waivering**

This year is the first year of the Eighth Five-Year Plan. A high starting point and a good first step this year holds important significance for fulfillment of both the 10-Year Program and the Eight Five-Year Plan. Acting in the spirit of the Seventh Plenary Session of the 13th Party Central Committee, the fourth meeting of the Seventh NPC, and the second plenary session of the fourth provincial CPC committee, while maintaining political and social stability in 1991, we will also strive to maintain development in the course of improving the economic environment and rectifying the economic order. More reforms will be carried out and the pace of reform and opening to the outside world will be accelerated. Close attention is to be given to readjustment of the economic structure; efforts made to improve economic returns; and suitable growth of the national economy assured. Achieving this will require focusing on the following several tasks during 1991.

**1. Continue bolstering agriculture to ensure an all-around bumper grain, cotton, and edible oil harvest.** Assuming a normal year, plans call for the province to produce a gross output of between 22 million and 22.75 million tons of grain, 650,000 tons of cotton, and between 700,000 and 750,000 tons of oil-bearing crops in 1991. Realization of this objective will require close attention to summer production first. Units concerned forecast numerous and severe natural disasters in 1991. We absolutely must not give way to paralysis and laxity; instead, we must make up our minds to fight natural disasters in order to bring in a bumper crop. We must improve wheat field care, put various measures for increasing yields in place, and strive to achieve another all-time high in summer grain production. As a result of a slide in grain prices, the area sown to autumn grain may be less in 1991 than in 1990. Whether a bumper harvest for the whole year can be assured will depend on the autumn crops. We definitely must change our ideas about much effort on the summer crop and little effort on the autumn one to take firm hold on autumn farming, strive to maintain the planting area, and make sure to harvest high corn yields over a large area. In cotton production, diligent attention must be given to sowing, field care, procurement, and allocation, in an effort to increase yields for an increase in gross output. All levels must strictly enforce cotton allocation plans and price policies. Holding back cotton for private use, each person being a law unto himself, will positively not be permitted. A good harvest of oil-bearing crops, forest fruits, livestock, and aquatic products must also be

brought in. While focusing attention on current production, continued efforts must be made to build more farmland water conservancy. Work on the Taolinkou Reservoir is to begin in 1991. Fifteen new sluices for impounding water are to be built in the river course, and construction of another three is to continue, increasing the annual impounding of water by 78 million cubic meters. Strengthening of the Lincheng Reservoir, the Hengshanling Reservoir, and other dangerous dams to eliminate the dangers is to be completed. Maintenance, equipping, renovation, and protection of existing dams is to be done, and some shallow wells are to be sunk in a planned way. While developing water resources, extreme emphasis must be placed on water conservation, vigorous efforts made to spread various water conservation measures such as spray irrigation, drip irrigation, transporting water through conduits, and preventing irrigation ditches from leaking in order to increase the water utilization rate. Anti-flood work must be given early attention to assure safety during the flood season. While stabilizing and perfecting the family output-linked contract responsibility system, the emphasis of rural work must be on perfection of two-tier farming, vigorous efforts made to develop a rural socialized service system. Today approximately 20 percent of all the province's villages are economically fairly well developed and have a fairly sound service system. In about 60 percent of villages, the service system is pretty good; in 20 percent it is poor. Both the villages in which it is pretty good and those in which it is poor must do more to build a service system. They must continue to do a good job of providing complete services for field production, providing better services in supplying the means of agricultural production and the sale of agricultural by-products. In most cases, counties, townships and villages will have to be depended on for the various services required in the peasants' production process. Doing a good job in building a service system means relying on science and technology to provide guidance, reliance on supply and marketing units and on materials supply units, and on setting up a service network in which counties, townships and villages are associated that combines government, technology, materials, capital, and the "five strengths" of the masses. Better ability to provide services requires the adoption of measures such as the development of the rural collective economy, invento-rying of collective's wealth, and doing a good job in contracting land for compensation to increase the collectives' economic strength. Providing services to individual households depends mostly on services at the rural level. The key to whether village level services will be good or bad lies in a strong grassroots leadership team. Thus, honest and clean, upright and capable people must be selected for assignment to village level leadership positions. Intense education and constant training to improve them is also needed to make them better able to lead the working masses toward prosperity, and do a good job of providing various services to agriculture. In addition, resolute and effective actions must be taken to overcome the "three difficulties" in an effort to lighten the peasants' burdens.

**2. Thoroughly launch a campaign for the "year of quality, variety, and benefits" in an effort to maintain moderate industrial growth.** The State Council has decided to carry out a thoroughgoing campaign for the "year of quality, variety, and benefit" throughout the country in 1991. This is an important decision of strategic importance. Pervasive, solid, and sustained conduct of this campaign holds extraordinarily important significance for doing a good job in improving the economic environment and rectifying the economic order, in overcoming various current difficulties in economic life, and in maintaining sustained, steady, and coordinated development of the national economy. Doing a good job with the campaign for the "year of quality, variety, and benefits" requires unified ideology, first of all, and a deepening of understanding of the meaning of quality, variety and benefits. Because we have long been accustomed to a product economy, and as a result of the protracted structural imbalance and the shortage of supplies, quite a few of the leaders of our industries and enterprises are unable to take the initiative in responding to the market. They are accustomed to uncompetitive business dealings. Consequently, doing a good job in the year of quality, variety, and benefits requires improving the understanding of leaders at all levels, and leaders of enterprises in particular, of a socialist commodity economy and of markets. Various methods must also be adopted to arouse the masses to the fullest, widespread propagandizing and education about the significance of quality, variety, and benefits being carried out. Governments and industrial units at all levels must devote their main energies to quality variety and benefits. They must make quality, variety, and benefits the main target of attack in the 1991 total war in industrial production, concentrating their energies and taking vigorous actions to see marked results. In matters of production, marketing, capital construction, and technological transformation alike, the focus must be on the general goal of quality, variety, and benefits. In all such matters, it is necessary to learn from the advanced, seek out shortcomings, prescribe actions to be taken, and conduct emulation campaigns. Only in this way can the speed of industrial growth have solidity, and only in this way can capital construction and technological transformation increase returns from investment. Of greatest importance in doing a good job to improve quality, increase varieties, and increase benefits is the need to improve enterprises' basic work. Enterprises must really work and work hard, institute strict controls, and build and perfect various kinds of rules and regulations to promote full quality control, projected cost control, energy consumption, water consumption, and raw and processed materials consumption control, and equipment control to lay a good foundation for improving quality, developing varieties, and increasing benefits. In order to give impetus to the campaign for the "year of quality, variety, and benefits," all prefectures and cities and all departments are to organize forces for a one-time complete quality survey of existing products. During the first half of 1991, they should first conduct spot checks of major products, issuing cautionary warnings to enterprises whose products do not meet quality

standards and giving them a limited period of time to shape up. In the case of enterprises having large amounts of unsold products in inventory, except for products that are produced year round for only seasonal sales, or products produced for national policy reasons, action should be taken to reduce the amount of storage that exceeds reasonable bounds. Where serious overstocking exists, orders should be issued requiring the enterprise to change to other lines of production within a specific period of time. Enterprises that are losing money as a result of inept management, poor product quality, and serious waste should be given a cautionary warning requiring them to reverse or reduce their losses, or even to halt production and restructure. Enterprises that purposely manufacture shoddy or spurious commodities should be diligently investigated, prosecuted, and resolutely banned. Operators of enterprises who cause serious damage should be held legally responsible. At the end of 1991, assessments and evaluations will be made in accordance with the standards for the "year of quality, variety, and benefits" that the province sets, all enterprises being subjected to a complete examination of their returns. Henceforth, at the end of each year, the findings from an assessment of the output value, output volume, quality, varieties, and returns of each prefecture and city, and each industry re to be published. Every year a public appraisal campaign for the selection of name brand, premium, special, new and high quality products will held, "prizes for making Hebei's economy flourish" being conferred on some products. Other industries should likewise conduct campaigns for the "year of quality, variety, and benefits," and make rigorous assessments.

**3. Deepen enterprise reform to increase the vitality of state-owned large- and medium-sized enterprises.** Thanks to the first round of economic system reform in the 1980's, the vitality of the province's state-owned large- and medium-sized enterprises has definitely improved. Nevertheless, returns are still not high; difficulties are numerous; and some relationships have yet to be straightened out. Since 1990, in particular, quite a few large- and medium- sized enterprises have seen substantial decline in their returns. Ability to invigorate large- and medium-sized enterprises has a direct bearing on the economic and social stability and development of the whole province. Therefore, we must make up our minds to wage this tough war that is fraught with difficulties and is of far-reaching significance. Now, we must first organize forces to do a good job of investigation and study, probing and laying bare the problems of the state-owned large- and medium-sized enterprises. Problems attributable to the state macroeconomic and control are to be referred to the state with positive recommendations. Problems attributable to various levels and departments within the province require the formulation of specific individual measures for diligent solution. Since the beginning of reform and opening to the outside world, the CPC Central Committee, the State Council,

the provincial CPC committee, and the provincial government have promulgated a series of important documents having to do with expansion of enterprise autonomy, carrying out a functional separation of government and enterprise administration, proper distinctions between ownership authority and operating authority, spurring enterprises to merge, form partnerships, and organize entrepreneurial blocs, and genuinely eliminating worries and solving hardships for enterprises. Unless given an annulment notice, all jurisdictions are to organize forces to conduct conscientious examinations and devote attention to further implementation of these documents. By way of invigorating large- and medium-sized enterprises, and to create a final external environment for enterprises, the State Council recently drew up policy measures in ten regards that expand the authority of enterprises to sell their own products, perfecting enterprises' depreciation system, suitably increasing development funds for new products, augmenting enterprises own circulating funds, moderately lowering loan interest rates, expanding foreign trade autonomy, and genuinely reducing enterprises' burdens. All jurisdictions must diligently enforce them. They are also to draw up a number of new actions to be taken to invigorate large- and medium-sized enterprises in view of constantly changing new situations and the appearance of new problems, which they must also diligently implement. Enterprises themselves must change their ideas about doing business, take the initiative in meeting market needs, improve product quality, readjust the product mix, and properly handle the relationship between speed and returns. They must fully arouse the masses to do well in the campaign for the "year of quality, variety, and benefits" as their own circumstances permit, striving to take an intensive road of development of slight investment for large output, high quality, and good returns. The basic requirement for maintaining the internal vitality of enterprises remains the deepening of internal enterprise reform. The relationship among the party, government and workers must be handled correctly, the plant manager responsibility system adhered to and perfected. All kinds of economic responsibility systems must be established and perfected, and democratic management of enterprises must be perfected. Reform of the use of personnel and the assignment system must continue in order to improve the internal vigor of enterprises. A good job must be done in the distribution of retained profits, financial control, improving enterprises' self-limitation and self-development mechanisms.

**4. Continue supporting and giving impetus to the healthy development of township enterprises.** Township enterprises are an important integral part of the national economy. They are a bulwark of the rural economy, and they are the main avenue for the broad masses of peasants to take toward common prosperity. They are the main source of fiscal revenues for counties and townships. A policy of "positive support, rational planning, correct guidance, and improved management" should be used to make township enterprises a strategic

focus in the development of the province's economy, the better to actively advance their development. Development of township enterprises requires adherence to "four-wheel drive," emphasis going to the development of township and village collective enterprises. Priority should be given in the pattern of trades and industries to the development of industrial enterprises, and to consolidating and upgrading the construction industry, accompanied by the development of the transportation industry, businesses, and the service trades. Township and town industries must emphasize the development of light industrial products, foods, electro-mechanical products, fine chemicals, construction materials, mine products, and products whose export earns foreign exchange. A number of key enterprises must be looked at in terms of their major technological transformation, the province, prefectures and cities, and counties proving heavy support to township and village enterprises that are large, make good returns, and have prospects for development. The development of township enterprises has to go hand-in-hand with the building of cities and towns for the gradual establishment of small industrial zones, both paving the way for development of township enterprises and also creating conditions for the building of cities and towns. Governments at all levels must diligently strengthen leadership for the development of township enterprises. Planning, science and technology, materials supply, fiscal, tax, finance and banking, price, industrial and commercial, industrial, and foreign trade units at all levels must provide positive guidance and vigorous support for township enterprises, both being a little more flexible toward them while also intensifying effective control and supervision. Township enterprises must also actively deepen internal reform, improve controls, practice improvement from within, steadily improving their own quality. While energetically developing township enterprises, further emphasis must be given to the invigoration of collective enterprises in cities, gradually establishing and perfecting enterprise operating mechanisms that are truly consistent with the features of collective enterprises to advance the steady development of city and town collective enterprises.

**5. Rationally plan investment in fixed assets to further improve returns on investment.** Investment during 1991 in local fixed assets throughout the province has been preliminarily set at 13.97 billion yuan for a 10.3 percent increase over 1990. This includes a 6.47 billion yuan investment in fixed assets under ownership of the whole people, up 10.9 percent. In accordance with state and province industrial policy, investment in fixed assets in 1991 will continue to tilt toward basic industries and basic facilities, special emphasis going to the technological transformation of existing enterprises. Investment in ordinary processing industries will be held in check, energies concentrated on insuring that current year projects are completed and come on stream, on winding up projects, and on projects whose construction is continuing. Various means of finding finance capital and amassing capital must be actively explored to ensure the

funds needed for large and medium size capital construction and for technological transformation projects above the norm. Good performance with project reserves, particularly major projects having an important affect on the overall situation in development of the province's economy requires efforts to create conditions to win early state approval for projects and beginning construction early. For construction projects blanketed into plan, better control has to be exercised over the implementation stage, matters handled strictly according to construction procedures. For key projects, in particular, capable cadres must be assembled, and a strong construction corps selected that can turn out a high quality project on time, assuring that it goes into production when planned.

**6. Energetically increase income and reduce expenses to do good fiscal and financial work.** The province is truly extremely short of money at the present time. Each year more than 80 percent of fiscal expenditures go for wages and basic administrative expenses; only a very small portion goes for the support of agricultural production and for scientific, educational, cultural, and medical purposes. Government finance is an overall reflection of economic work, and attention to fiscal matters also requires adoption of comprehensive measures. Understanding of the relationship between the economy and government finance must be inculcated, economic development increasing fiscal revenues; understanding of the relationship between returns and government finance must be inculcated, improvement of the quality of enterprises and improvement of enterprises' economic returns producing increases in fiscal revenues; understanding of the relationship between reserve strength and government finance must be inculcated, the correlation between having food to eat first with construction coming second, and making arrangements for the present while planning the long-range must be correctly handled to increase government reserve financial strength; understanding of the correlation between encouraging production and fiscal revenues must be inculcated, fiscal and tax revenue efforts thereby being better oriented toward the economy, controlling the sources of wealth by encouraging production; understanding of the correlation between management and government finance must be inculcated, using strict control and management of money according to law, enabling limited funds to produce much larger returns; and understanding of balanced government finances must be inculcated, expenditures decided on the basis of revenues, acting according to capabilities, and doing one's best to insure a balanced budget. The fiscal revenue budgeted for 1991 is set at 8.999 billion yuan, or an annual 6.3 percent, calculated at comparable values. The expenditure budget is 8.448 billion yuan in order to be able to make up for the previous deficit of 28 million yuan. Attaining these goals will require that principal leaders and leaders in charge at all levels of government throughout the province take firm grip on fiscal work, work out exact details, understand regulations and seize the initiative in fiscal work. They must be adept at

coming up with an orientation and measures for reform on the basis of fiscal accounting and analysis to develop the economy and perfect administration of finances and taxes. The "double creation and double reversal" in some counties and enterprises will have to be taken vigorously in hand. Measures will have to be formulated whereby fiscal revenues spur production and increase income, and measures will have to be established for escalating sources of funds. Methods for managing funds for designated purposes, operational expenses, unbudgeted funds, and various administrative expenditures will have to be rigorously controlled, and price subsidies reduced. Unnecessary agencies and personnel will have to be retrenched and reduced to produce better staff and simpler administration. In short, it is necessary to realize the fiscal hardships, but even more important to realize the potential for increasing income and reducing expenses, inculcating firm confidence in ability to overcome hardships and get safely through difficult straits.

In order to raise more funds to support development of production, a finance and banking policy must continue to be pursued of "controlling the total amount, readjusting the structure, improving control, timely regulation, and improving returns." While working hard to organize savings accounts in the multi-channel collection of funds and trying to expand sources of funds, the focus of work will have to be placed on readjusting the structure, improving management, and enlivening funds. Increases will have to be optimized and savings enlivened, with strong measures continuing to be used to settle "triangular debt." Efforts must be made to manage the banking business well, maintaining an active supply of funds to support conduct of the campaign for the "year of quality, variety, and benefits."

**7. Further open and stimulate markets in order to keep prices basically stable.** Full use must be made of the favorable opportunity that the upturn in the market situation provides to hold various kinds of commodity fairs. The emphasis in starting up and stimulating markets must be placed on villages. In many places throughout the province, difficulties selling grain have risen in 1991. All possible must be done to try to ease this problem. Grain departments must expand storage capacity through building, repairing, leasing, and borrowing to improve the storage utilization rate, and do all possible to buy more and sell more grain to satisfy to the greatest extent possible the peasant's need to sell grain. After fulfilling quotas for fixed procurement of grain, conversions of negotiated price grain to parity price grain, and special reserves, restrictions on the operation of grain markets must be lifted at once. At the same time, attention should be given in a planned way to grain processing, conversion, improvement of grain assimilation capabilities, and development of the livestock feed industry. Efforts should also be made to export more grain. Commercial, supply and marketing, and materials supply departments should work out ways to sell products of the land and to organize specific norms for getting industrial wares into the countryside to ensure a substantial increase over the amounts sent in 1990. In particular,

supply of the agricultural means of production must be organized well. Every possible effort must be made to do a good job of producing, allocating, and supplying the chemical fertilizer, agricultural pesticides, plastic sheeting, and diesel fuel needed for agricultural production at fair prices as a means of ensuring that the masses not miss the farming season. Materials supplied in return for grain sales must especially be made available. Commercial departments must try to improve administration and management, increase economic returns, and reduce tie ups of commodity funds advanced by industrial units, the better to fulfill their role as "storage batteries." During 1991, the price control objective responsibility system will continue to be implemented, the rise in the province's overall retail price index being controlled within 6 percent. Special attention must be given to the production and supply of necessities used in the daily life of the people to keep prices stable. Arbitrary price hikes and arbitrary fee collections are to be resolutely rectified, sever crackdowns made against those who manufacture or sell bogus and shoddy commodities as well as those who seek to dominate markets, jack up prices, and disturb market order in violation of the law.

**8. Vigorously act to expand the breadth and depth of the opening to the outside world.** During 1991, the province's foreign trade exports are to attain the average level of increase of the country as a whole. \$1.3 billion of exports being shipped through ordinary trade and by three kinds of partially or wholly foreign-owned enterprises to gain \$1218 million of foreign capital. Two press conferences on projects for opening to the outside world, and foreign economic and technical cooperation and export commodity talks are to be held. Beginning in 1991, a new system of responsibility for personal profits and losses is to be put into effect in foreign trade. This will pose a severe test for foreign trade enterprises. Foreign trade work will have to respond to this changed situation by changing ideas about doing business, improving administration and management, and improving economic returns, seeking to survive and develop in the midst of intense market competition. Control over the sources of supply for exports must be further improved through development of a number of plants and workshops whose job is to supply export products for an increase in the percentage of exports deriving from export production bases. Policies of encouragement are to be adopted to stimulate the interest of production enterprises and foreign trade enterprises in expanding exports from the province's ports. Planned support is to be given to the export of deeply processed and high added value industrial manufactures such as electro-mechanical products, light industrial products, handicraft products, chemicals, clothing, and printed and dyed cloth. Full use is to be made of the miscellaneous cargo wharves at the port of Qinhuangdao in the gradual shaping of an assembly and dispersal point there for the province's foreign trade exports. A good job is to continue in the use of foreign capital and the importation of advanced technology.

Foreign capital is to be used primarily for energy, transportation, and raw materials in short supply that previously were imported, as well as for high-added value exports that earn foreign exchange. Numerous types of partially or wholly foreign-owned enterprises are to be actively supported and developed, real help being given to these enterprises in solving their problems. Not only are coastal areas to open to the outside world, but inland areas are to open to the outside world as well. Foreign imports are to be closely linked to joint investment with concerned departments at various levels in a vigorous effort to develop domestic lateral economic links. In the importation of technology, a high starting point, high returns, and emphasis on the importation of key equipment and key components must be adhered to, priority going to enterprises responsible for earning foreign exchange through exports, and projects that pay for imports out of production, foster exports through imports, and earn foreign exchange from exports. The building of basic facilities is to continue, with special attention being given to the ports at Tangshan and Huanghua, the Shijiazhuang airport, the building of national roads and important trunk links in the province, and to highways in the open zones. Emphasis is also to be given to the fiber optics cable trunk line that circles Beijing and Tianjin, and to communications trunk lines in the province, as well as to the building of communications projects at Tangshan, Cangzhou, and Shijiazhuang to improve the investment climate in order to advance the more rapid development of the opening to the outside world.

**9. Accelerate the development strategy of using "science and technology to make Hebei prosper," promoting a close link between education in science and technology with economic construction.** The key to using "science and technology to make Hebei prosper" lies in leaders at all levels further carrying out the policy of "economic construction must rely on science and technology, and science and technology must orient toward economic construction," increased awareness of science and technology, deepening of science and technology system reform, and stimulatating the advancement of science and technology to promote the four close links between science, technology, and the economy as follows: The first is the link between economic development plans and S&T development plans. Second is the link between work on key scientific and technical problems as well as the spread of scientific research results. Third is the link between the development of S&T and the training of talent; and fourth is the link between using "science and technology to make Hebei prosper" and stimulating the advance of science and technology. In view of the need to link science and technology closely with the economy, specific plans for implementing the use of "science and technology to make Hebei prosper" should be drawn up as quickly as possible and put into practice. The focus in scientific and technical work should continue to be on accelerating the pace of using "education in science to make agriculture prosper," and on accelerating progress in industrial technology. Agriculture should focus on

high yields of grain, cotton, and oil-bearing crops, breeding and supplying superior varieties, superior farming methods, water conserving irrigation practices, and general development. Industry could focus on readjustments of the product mix, improving product quality, and lowering materials consumption, and emphasis on the broadening and application of 100 scientific and technical achievements. During 1991, 30 key projects chosen for attack, 80 key topics, 20 torch plan projects, and 80 spark plan projects are to be diligently organized for implementation to assure fulfillment of plan. Policies of encouragement must be adopted, and large numbers of scientific and technical personnel assembled to go into rural villages, thereby better linking science and technology to production and to the peasants. Mature scientific and technical achievements that have been validated through practice are to be spread within a specific period of time in the form of command plans to induce the peasants to change their nonintensive farming practices, working to improve the input-output ratio and to improve economic returns. Technology development units in large- and medium-sized industrial enterprises are to be increased from the present 59 percent to 75 percent. Small enterprises and township enterprises must likewise use various means of finding their own technical support. Start up work on the Shijiazhuang High Technology Industrial Development Zone must be given attention. Independent scientific research agencies must develop gradually toward becoming economic entities that combine technology and industry (or agriculture), and trade and technology.

Education must adhere to a socialist orientation in the operation of schools giving first place to the ideological, moral and political consciousness training of students, orient toward economic construction, and serve economic construction. Ordinary higher education must emphasize serving the building of the local economy, keeping the number of enrollments in college stable, optimizing the structure, improving quality, and increasing returns from school operation. More must be done to train teachers, and doing a good job in straightening out teacher training schools. The "Compulsory Education Law" will continue to be enforced diligently to actively promote the nine years of compulsory education. Funds should continue to be raised through various channels for active improvement of teaching conditions. More work must be done in providing guidance for the overall reform of rural education. Firm attention must be paid to the overall reform pilot projects for city education at Tangshan, Shijiazhuang, Handan, and Qinhuangdao. Adult education should gradually be directed toward mostly on-the-job training. Vocational and technical education should be suitably adjusted, special facilities provided for vocational schools of various kinds as local economic development warrants, each area operating schools that meet their own needs. The correlation between planning, labor, and vocational education is to be ironed out to promote further development of vocational and technical education. Good work

should continue to be done in the eradication of illiteracy for further improvement of the quality of workers.

**10. Strictly control population growth.** Governments at all levels must strengthen leadership over planned parenthood work, becoming truly responsible for the implementation of planned parenthood goals and requirements during 1991. Principal leaders at all government levels must personally take a hand in planned parenthood work. Cadres at all levels must take the lead in doing planned parenthood work. If county, township, and village levels truly provide a personal example, taking the lead in being models, the work of the masses will be easier to do. Vigorous actions must be taken to bring about a change in those counties, townships, and villages that are lagging behind in doing a good job of planned parenthood. More propaganda and education in planned parenthood is to be provided, and more done to build organizations at the grassroots and basic levels to make planned parenthood work in some counties, townships and village more regular, more systematic, and more scientific. Full use is to be made of the role of the planned parenthood society, and reliance placed on grassroots level permanent cadres and the broad masses of people to do a good job of planned parenthood. The "Hebei Provincial Planned Parenthood Regulations" are to be diligently enforced, planned parenthood brought under the legal system.

**11. Accelerate housing system reform and promote the commercialization of housing.** During the first half of 1991, plans are to be drawn up on the basis of the summarization of experiences at housing reform pilot projects, and as a result of investigations and estimates, and after widespread solicitation of views, the plans are to be put into effect. These plans go into effect in some city and county pilot projects during the last half of the year, and be gradually implemented elsewhere in 1992. In the reform of housing, the first job to be done is to support a solution to the problems industries face in building houses, and to households that having special hardships in finding housing. During 1991, construction of a total of 4.5 million square meters of new housing is to be completed, 25 percent more than during 1990. During 1991, between 60,000 and 70,000 square meters of housing is to be built at institutions of higher education in the province for the use of young people, professors, staff members, and workers. It will take three years to ease the housing problem at institutions of higher education.

#### V. Give Vigorous Impetus to Building a Socialist Spiritual Civilization

Greater building of socialist spiritual civilization is an important ingredient in the building of a distinctively Chinese brand of socialism, and it is also a major guarantee for the smooth development of the national economy and all social endeavors. In carrying out the 10-Year Program and the Eighth Five-Year Plan, as well as doing a good job during 1991, this campaign must be made broader, deeper, and more solid.

**1. Thorough education concerning ideology and morality, and improvement of the ideological and moral quality of the whole society.** Inculcation of correct ideological concepts and lofty socialist moral sentiments, providing a socialist education, steadfast socialist convictions, use of revolutionary thinking and progressive morality in order to give the masses cohesion, and to rise with force and spirit are the principal tasks in the building of socialist spiritual civilization. The fine tradition of ideological and political work must be maintained and carried forward, and be linked to reform and opening to the outside world, to the development of a socialist commodity economy, and to mass ideology. A campaign of ideological and moral education that is multifaceted and broad in substance must be conducted among the broad masses of cadres in a planned way. Education in the basic line of "a single center and two basic points" must continue to be deepened to enable the broad masses of cadres to adhere more unswervingly to the four basic principles, unswervingly adhere to reform and opening to the outside world, follow a course of building a distinctively Chinese brand of socialism, and concentrate energies on moving ahead with the building of the economy. Discussions of the situation, discussions of our national circumstances, explaining the province's situation, and conducting patriotic, collective, and socialist education will be used to stir a sense of racial pride, a sense of collectivist honor, and enthusiasm for the building of socialism among the broad masses of the people. Vigorous efforts are to be made to provide education in self-reliance, arduous struggle, and building the country through hard work and thrift, carrying out widespread education in professional morality and social morality, launching thorough and solid campaigns to emulate heroic models, striving to raise the moral level and the cultural quality of the citizens to bring forth knowledgeable, moral, cultured, and disciplined socialist new men. We must use Marxist and socialist ideology to occupy the ideological high ground and to solve various muddled notions and misgivings in people's ideology. We must continue to launch a sustained and thorough-going struggle to "eradicate pornography" and get rid of the "six vices," put the cultural markets in order, attack ugliness, oppose feudal superstition, and clean up the social environment. Theory, literature and art, news, publications, archives, radio broadcasting, cinema, and television departments must persevere in serving the people and serving socialism. They must vigorously propagate the race's splendid culture, delve into life, delve into realities, and create more high quality and special products that are able to reflect the revolutionary tradition of the people of Hebei, and the style and features of the age. In addition, mass cultural campaigns of a mass nature must be actively carried out to enrich and enliven the cultural life of the people, foster moral sentiments, and strive to shape a positive and forward moving, healthy and civilized fine atmosphere throughout society. It is necessary to carry out a thorough mass physical education campaign, giving close

attention to preparations for, and assuring a good showing in, the Second National Urban Games to be held in Tangshan City.

**2. Perfect the socialist democracy and the legal system.** The strengthening of socialist democracy and building of the legal system have a direct bearing on the nation's political, economic, and social stability. All levels of local government are both the local enforcement organs of state power, but are also the local state administrative organs at all levels. Local governments must safeguard the state's basic political system, and the democratic rights of the people as masters of their own affairs. They must respect and support the National People's Congress exercise of authority according to law, diligently enforce National People's Congress decisions, and consciously accept supervision from the National People's Congress, regarding this as a principle in government work that must be followed at all times and put into effect in daily government activities. They must promptly take the initiative in and factually report on their work to the National People's Congress and its standing committee, warmly support inspections, examinations, and investigations by NPC delegates, and conscientiously heed and act on criticisms, views and suggestions from representatives of the people. They must further strengthen ties to the CPPCC, all democratic parties, nonparty patriots, and mass organizations, fully carrying forward their political participatory and democratic supervisory role.

Socialist democracy must rely on a socialist legal system for support. Governments at all levels must diligently enforce provisions of the constitution and various national laws and regulations. They must diligently put into effect the laws, regulations, resolutions, and decisions that the people's congress at the same level prescribes. They must integrate acceptance of the party's leadership and implementation of policies with the handling of affairs according to law. Since laws are drawn up by the party to lead the people, and are a standardization and a concrete form of the party's policies and mature experiences, they possess greater authority and universal binding force. Handling matters according to law is, in essence, acceptance of the party's leadership. There can be positively no failure to abide by the law on the pretext of carrying out policies. Continuing efforts must be made to build the government legal system linking it to realities in the province's reform and construction, draw up administrative rules and regulations, and be adept at applying legal methods in organizing, leading, and controlling economic activities and government work. Attention must be given to education about the law, with diligent study and implementation of "The Second Five-Year Plan for Conducting Education in the Legal System Among All Citizens," which the CPC Central Committee and the State Council approved and forwarded, and "Resolutions on Thorough Legal System Propaganda and Education," which the 18th meeting of the 7th NPC Standing Committee passed. Working personnel in governments at all levels must take the lead in studying the law, observing the law, and enforcing the

law, resolutely eradicating the substitution of authority for the law and the word of some people for the law. In daily work and decision making, matters must be handled strictly according to law, working personnel in government serving as models in support of the legal system.

**3. Continue bolstering overall control of social order to safeguard social stability.** Hebei Province is so located that it surrounds the nation's capital, so safeguarding the province's social order is extremely important. In adhering to the four basic principles, one of which is maintenance of the people's democratic dictatorship, the public security, people's armed policy, and judicial authorities must fully understand their important responsibilities. They must exercise their individual dictatorial functions, and coordinate closely with the courts and the procuratorate in maintaining a high degree of vigilance and resolutely cracking down on the disruptive activities of domestic and foreign enemy forces. They must rely on the law in conducting severe crackdowns against serious criminal offenses and serious economic crimes, promptly organizing specific actions and collective attacks against them of varying kinds and on different scales. They must adhere to a policy of interlinking the work of the organs of dictatorship and the masses, mobilize forces throughout society, and apply various methods to bolster overall control of the social order. More energies must be directed to work at the grassroots and basic levels to make use of the role of the grassroots and various mass defense and mass control organizations in the planned step-by-step building and perfecting of a socialized vigilance mechanism. The broad masses of public security cadres and judicial personnel must regard safeguarding the people's interests and the state's interests as their highest mission. They must take the lead in observing discipline and obeying the law, ever improving their political and professional qualifications in order to make a new contribution in protecting social order and enabling the people to live and work in peace.

**4. Do better in supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs in cementing the relationship between the army and the government and between the army and the people.** The PLA and the People's Armed Police are the mighty bulwark of the country's dictatorship of the proletariat. They shoulder the important responsibility of protecting the security of the motherland and safeguarding social stability. We have a comparatively large number of troops stationed in Hebei. This is a great advantage for our province. It is an important condition for the consolidation and development of a political situation in Hebei of tranquility and unity and for building the economy. For many years, the officers and men of the armed forces and the people's armed police have inherited and carried forward the glorious tradition of a people's army that supports the government and loves the people. It has taken active part in the building of the province's socialist material civilization and spiritual

civilization, making major contributions. Good performance in supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, cementing relations between the army and the government and the army and the people, and support for the building of the armed forces is an unshirkable responsibility of governments at all levels. Governments at all levels must fully understand the important position and role of the people's army during the new era, fully understand the extreme importance of strengthening unity between the army and the government and the army and the people, intensify national defense education, increase the national defense concepts of the people of the whole province, and more consciously do a good job of supporting the building of the armed forces, and giving preferential treatment to families of revolutionary armymen and martyrs. Various actions must be taken to publicize widely the heroic achievements of the PLA and the people's armed policy, to propagandize support for the government and love for the people, and to publicize advanced models in supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, and in fostering unity between the army and the people. This is a means of enabling the broad masses of cadres and the masses to establish a firm sense that without the armed forces there would be no tranquility, consciously execute their national defense powers and duties for the creation throughout society of a fine social atmosphere of everyone having responsibility for respecting, loving, caring for, and supporting the people's army, and for supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs. The military and political joint conference system must be maintained and regularized, the initiative taken to seek out the opinions of military units, and doing all possible to remove anxieties and solve problems for the troops. It is necessary to do a solid job of regularly supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, conscientiously carrying out all policies for giving special care to disabled servicemen, and to family members of revolutionary martyrs and servicemen. Further attention must be given to the building of the militia and reserves. A campaign must be conducted in depth and in breadth in prefectures, cities, and counties of the army and the people jointly building spiritual civilization, and jointly, and jointly creating models who supported the army and gave preferential treatment to families of revolutionary armymen and martyrs. There must be more instances of joint building by the army and the people and more model units that support the army and give preferential treatment to families of revolutionary armymen and martyrs coming to the fore. The building of spiritual civilization and work in supporting the army and giving preferential treatment of families of revolutionary armymen and martyrs should be truly performed at the grassroots level.

**5. Do better with nationalities and religious work.** Governments and departments concerned at all levels must make development of the minority nationalities'

economy and cultural undertaking a part of overall local plans as local realities warrant. They must genuinely assist the minority nationalities to solve special problems in production and in daily life. They must take various actions, adhere to proceeding from realities, and make the most of local advantages in resources for vigorous development of a commodity economy, doing all possible to escape poverty and become prosperous. The national minorities regional autonomy law must be diligently enforced, every support given to autonomous authority of autonomous regions and the equal rights of minority peoples. Efforts must be made to train up more minority nationality cadres and specialists in various fields, and make use of their role in socialist modernization. Further more be done in the diligent implementation of the party's religion policies, making full use of the role of patriotic religious organization, teaching and guiding people in religious circles to raise their patriotic thinking and national self-respect, and consciously observe provisions of the national constitution and various laws and regulations. The legal rights and the normal religious activities of patriotic religious organizations are to be respected and protected, their penetration by hostile legal forces prevented, and illegal activities restricted and attacked. Religious activities should be regularized as the constitution, laws, and policies permit.

**6. Conduct an in-depth anti-corruption struggle for further good performance in building clean government.** Practice fully demonstrates that if we neglect the building of clean government and permit negative corrupt practices to proliferate and spread, not only will it be very difficult to do a good job of building the economy, but the building of the economy may stray from its socialist orientation. Therefore, the more pervasive reform and opening to the outside world, and the more developed the building of the economy, the more the building of clean government has to be intensified and the battle against corruption carried out for the eternal maintenance of a close relationship between the government and the people.

Government workers must be education in being models of obedience to state policies, laws, regulations, and administrative discipline, to carry forward the fine tradition of arduous struggle, to be honest in performance of official duties, to be diligent and conscientious, and to rouse themselves to vigorous effort to make the country prosperous. The building of clean government has to begin with leading cadres at all levels of government, in all departments, and at all levels. They must act as examples and hold themselves strictly to account. Leading organs, leading cadres, and all government departments, particularly those that are responsible for enforcement or supervision and their personnel who misuse their authority for private gain, engage in corruption and bribe taking, use their power for purposes of extortion, violate the law while being charged with enforcing the law, transgress the people's rights, and otherwise seriously violate the law and discipline are to be rigorously and diligently investigated and punished,

and will positively not be tolerated. Cases having an effect on an area or a department and that cause a major shock, in particular, are to be punished according to law and openly as a means of setting an example and to effectively check the proliferation and spread of corruption. Vigorous efforts must continue to be made in rectifying unhealthy tendencies in industries, industrial units in charge and their subordinate offices at the grassroots level straightened out and redirected. This straightening out and redirection should be used as a basis for building and perfecting various regulatory systems that genuinely accept the supervision of the popular masses so that the people truly realize the results wrought by the redirection, genuinely see that a change has taken place in the unit's way of thinking and that policies have been raised to a higher level, and that clean government and hardworking government has been strengthened. Open supervision of all government units by public opinion units and the masses is to be encouraged and supported, unrelenting struggle resolutely and effectively waged against violations of the law and discipline.

#### VI. Act Vigorously To Ensure the Discharge of Various Tasks

The effectiveness of our work is very much related to the correctness of policies to be sure. But even if policies are correct, unless they are rigorously implemented, no policy will come to fruition no matter how good it may be. During the next 10 years and during the Eighth Five-Year Plan, the guiding thought, the battle goals, and the main tasks for development of the national economy and society are clear-cut. The crucial issue today is vigorous actions for implementation. The problem of implementation seems to be one of work methods, but it is, in fact, a problem of ideological style. Most importantly, and most fundamentally, it depends on the ideology, the will, and the resolve of leading cadres at all levels. Thus, making sure that work is done requires making sure that ideological style changes, genuinely shaping a fine atmosphere from top to bottom throughout the province of a concentration of energies, a solid work style, no unearned reputations, and arduous work. First, leaders at all levels must concentrate their energies on important matters. Provincial government leaders must devote most of their energy to major contradictions and major problems having an effect on the overall situation. They must institute division of labor responsibility systems for the concentration of energies on getting jobs done for the major problems existing today in development of the province's economy and society. They must also assure that every leading cadre has time to go down to the grassroots to investigate and study, become familiar with problems, understand the real circumstances, and truly serve the grassroots. Every provincial governor or deputy governor must make it his business to have a timely understanding of the situation in a large- or medium-sized enterprise, a township or village, an institution of higher education, or a scientific research unit, guide its work,

and provide concrete assistance and guidance to associated units. In order to ensure that leaders at all levels devote most of their energies to important matters, conferences and documents must be kept short. In particular, unnecessary entertainment should be reduced. When a ranking leader is needed to take part in an activity, the central government or the province should take care of it. The second is to institute a limited objective management responsibility system. Beginning in 1991, some of the various important government tasks having a bearing on the overall situation should be selected and quantified objectives set to be reached within a year. These objectives are to be broken down for provincial government agencies concerned and for prefectures and cities. Supervision and inspection of their fulfillment and issuance of binding rewards and punishments is to be instituted. In 1991, 63 main economic and social targets will be initially selected for assignments to 18 prefectures and cities and to 43 units. Since this is the first year of trial implementation of the limited objective responsibility system, it will be instituted mostly in economic departments. After experience has been gained, the matters to be assessed will be gradually expanded. The limited objective responsibility system will further increase the sense of responsibility of leaders at all levels and the broad masses of cadres, and promote a change in their work style. It will also make fulfillment of the objectives a major criterion in assessing work performance. Third is adherence to a system for on-the-spot handling of public business the better to serve the grassroots. On-the-spot handling of official business is an effective way in which to concentrate energies on solving real problems in prefectures and cities and at the grassroots level. It is an important way of getting things done that has been welcomed by the broad masses of cadre and people. In 1991, the provincial government will continue to handle, on the spot, major problems in economic life providing timely solution to difficulties in work. All provincial government departments will also have to handle business on the spot in every prefecture and city, doing all possible to help the grassroots solve some real problems. Some problems affecting several department may be under the aegis of a single department with several departments taking part, the problems solved jointly through on-the-spot handling. Fourth is full use of functional units. Only when every department of the government attends to its own duties and carries out its own responsibilities, dares to be responsible, and discharges its responsibilities conscientiously, can all tasks be accomplished. All functional units must ply their initiative and creativity on functional matters in their own units. They must dare to be responsible, dare to be decisive, dare to make decisions, and not permit the possibility of buck passing from the top to the bottom

or bickering back and forth. Government work is like a piece of systems engineering. Many tasks ramify into many areas, requiring the mutual support of different units and quarters. Only through cooperation and coordination can they be accomplished. Therefore, all departments must firmly inculcate a mentality of concern for the overall situation and overall concepts. Only when a matter benefits the whole situation should it be done, even at the expense of the interests of a single unit. In no case may a problem that might have been very quickly solved be put aside in order to protect the interests of a unit or the interests of a part. A spirit of initiative and coordination should exist in relations among units. All problems that can be solved through taking the initiative in discussion among units should not be passed up to higher authority. Fifth, is the need for further building of ideology, work style and professionalism in government agencies. All workers in government agencies at all levels must be responsible for their own actions, be honest in the performance of their duties, respect discipline and obey the law, and consciously oppose all unhealthy tendencies. They must heighten their sense of being public servants, cement relations with the masses, and put the people's interests ahead of their personal interest. Discipline is to be further rectified. Bickering, back biting, the creation of frictions and internal quarrels is positively not to be permitted. Personnel in public agencies must truly share the public's desires and the public's worries, and do a solid job of serving the grassroots and the masses. They must truly do deeds for the grassroots and the masses, and positively must not resort to a perfunctory performance and falseness. They must win the confidence of the grassroots and the masses in the government through their own actions. If governments at all levels can genuinely change work style take firm hold on carrying out all tasks and in persevering for a long time, we will surely gain greater real results in all of our work.

#### Delegates!

Realization during the final decade of the present century of the various tasks set forth in the province's 10-Year Program and in the Eighth Five-Year Plan is a heavy historical responsibility that the times have conferred on us. We are confident that under leadership of the CPC Central Committee, the State Council and the provincial CPC committee, by using the enormous achievement made during the 1980's as a springboard, by relying on and uniting closely with the people throughout the province, the millions of people all with one mind, rousing themselves to effort, and doing a solid job can certainly complete this task. We are determined to attain the preset goals to advance heroically into the 21st century!

**Jilin's Vice Governor on Current Economy**

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[Article by Wang Yunkun, vice governor, Jilin Province: "Several Thoughts on the Current Economic Situation"]

[Text] How to correctly understand the province's economic situation is a very important question. Although there are many different arguments on the current economic situation, the conclusion that "overall, the economic situation is developing in a good direction" should be accepted by the overwhelming majority of comrades.

### **I. Whether Economic Operations Are Gradually Returning to Normal**

One argument holds that the economy is not yet out of its slump, because in economic operations, the circulation of goods in markets is obstructed, goods are produced and then stockpiled, and in particular, the major problems with efficiency and structure have not been solved. Another argument holds that although the national economy is not yet out of the slump, industrial production and the market have moved out of their slumps since the third quarter of last year.

Whether the economy is out of the slump is not the essence of the debate. Economic activities themselves are constantly changing. Although there is a law to follow, we must never sum them up in an oversimplified manner as being in a "slump" or at a "peak." What is important is that we should make great efforts to study the objective law governing the operation of the economy. According to an analysis of industrial and agricultural production, which is the major component of the national economy, last year there was an overall bumper harvest in agriculture, and industrial production picked up gradually, but economic efficiency declined. What was encouraging was that, when analyzing the track of economic operations, we saw that the decline in efficiency slowed and that the structural adjustment was developing in an optimized direction. The province's situation in the first quarter of this year was as follows. Agriculture continued to be strengthened. By 5 April, the province had accumulated 260 million yuan for planting, up 14.6 percent from the same period in 1990. There were sufficient supplies of farming materials. A total of 3.187 million tons of standard chemical fertilizer was organized, 2.632 million tons of which were distributed to peasants. A total of 165 million kg of seeds were allocated, showing a substantial increase over 1990. The general situation was good. Industrial enterprises at or above the township level created 11.49 billion yuan in output value, up 9.9 percent over the same period in 1990. The income of local budgetary industrial enterprises totaled 3.81 billion yuan, up 8.5 percent, and they generated profits and taxes worth 380 million yuan, down 4.3 percent, which was a notably slower rate of decrease. Construction of key projects started early. Investment in state capital construction totaled 73.55

million yuan, up 3.1 percent from the same period last year. Total purchases of commercial units for domestic distribution equalled 4.43 billion yuan, and their volume of retail sales was 6.52 billion yuan, up 2.4 and 12.8 percent respectively. The retail price index was 3.3 percent in the first two months of this year, down 1.5 percentage points from the same period in 1990. Revenues totaled 896 million yuan, an increase of 252 million yuan over the same period last year. Bank savings deposits at the end of March showed an increase of 2.795 billion yuan over those at the beginning of the year, and the net volume of cash withdrawn from circulation totaled 537 million yuan, after balancing cash receipts and payments. However, the amount of funds tied up in the three industrial purposes continued to grow. By the end of February, the total amount of stockpiled goods in industrial enterprises at or above the township level increased by 5.7 percent over the same period last year. Enterprises' "debt chains" had yet to be fundamentally resolved. The aforementioned situation showed that the province's economic operation was returning to normal gradually, but had yet to get out of the slump totally.

### **II. Whether Total Supply and Demand Has Become Relatively Balanced**

Some people believe that, judging from material products, society's total supply and demand is always balanced. Their argument is that after deducting goods which are used from the goods produced, the remainder represents goods in stock (the difference between imports and exports is also included in the situation); changes in goods in stock should be used to regulate the discrepancy between supply and demand, in order to achieve a balance. Such a view reflects only the superficial phenomenon of the problem; it does not touch the essence of the problem. Such a balance is a passive one, because instead of resolving the various contradictions in economic activities, it will even breed various social and political contradictions. For this reason, such a view is obviously incomplete.

Philosophically speaking, the balance is relative and not absolute, and there will always be an imbalance between supply and demand. There are also two kinds of imbalance. One is when "supply outstrips demand," and the other is when "demand outstrips supply." People's understanding varies as to whether the current situation involves the former or the latter. Some people hold that the imbalance is reflected by supply outstripping demand: China's accelerated upturn in industrial production and the bumper harvest in agriculture have led to an increase in supply. Products continue to stockpile, market sales are sluggish, and the rate of price rises is not big. Others hold that the current situation is one of "demand outstripping supply." They even hold that such a situation has never changed. Their argument is that the enormous surplus purchasing power accumulated for many years still exists. As far as the entire country is concerned, people's savings deposits are valued at 700 billion yuan, foreign debts total \$45 billion, and domestic debts total about 85 billion yuan. In particular,

because economic activities' inherent driving force towards inducing an increase in demand has not changed, and because a corresponding restraining mechanism has not been established, demand will increase again once external conditions are available. Therefore, the pressure of potential inflation remains great.

Both of the above arguments have fairly sufficient grounds and are fairly reasonable, but their conclusions are totally different. The key we should stress is dialectics. Judging from the practice of economic operations, the contradiction between supply and demand is interchangeable. On the premise that the total supply and demand remain relatively balanced, supply and demand often change, with the former outstripping the latter in one period and the latter outstripping the former in the other. The contradiction exists because we judge the situation on the basis of supply and demand in the same period.

Are total supply and demand basically balanced currently? By basically balanced, we mean that the difference between supply and demand is by and large kept within 5 percent. In 1988, with demand outstripping the supply, the country's supply and demand were evidently unbalanced, which led to panic buying, double-digit increases in the retail price index, and serious inflation. The retrenchment policy was adopted later. Economic improvement and rectification yielded good results very quickly in 1989, with the retail price index declining rapidly, and a basic balance between supply and demand achieved. However, a lack of immediate demand began appearing again, production declined, market sales were weak, and the number of the enterprises that stopped production totally or partially increased. In the fourth quarter of 1989 minor measures were adopted to adjust the degree of retrenchment. As a result, total demand rose fairly rapidly and the lack of demand eased in 1990. According to statistics, in 1990 total demand came to 2,017,900,000,000 yuan, up 13.4 percent from 1989, and total supply was 1,937,400,000,000 yuan, up 8.6 percent. Total demand exceeded total supply by 80.5 billion yuan, and the differential rate was 4.2 percent. Domestic demand exceeded supply by 52.2 billion yuan, and the differential rate was 3.1 percent. Thus, despite the fact that the growth in total demand exceeded that of total supply, the difference between supply and demand was kept within the normal range of 5 percent. Therefore, currently total supply and demand is basically balanced. The current major contradiction is the irrational demand structure. A conspicuous reflection is that the demand for investment in circulating assets is large while demand for investment in fixed assets is small; people's cash incomes are large while their consumption expenditures are small; and urban consumer demand is large while rural consumer demand is small. In 1989, the country's circulating funds rose by 30.1 percent; in 1990 they rose again, by 38.9 percent. However, investment in fixed assets increased by 1.1 percent and 4.4 percent respectively in 1989 and 1990, which was much less than in previous years.

Urban people's disposable income totaled 953 billion yuan in 1989 and 1.043 trillion yuan in 1990, up 95 billion yuan and 90 billion yuan respectively from the previous years, but their consumption expenditures were 804 billion yuan in 1989 and 829 billion yuan in 1990. As a result, their surplus purchasing power was 149 billion yuan and 214 billion yuan in 1989 and 1990. In 1990, urban dwellers' per-capita cost-of-living income was 1,360 yuan, up 7.9 percent compared to 1989, or up 6.6 percent when allowing for inflation. Peasants' per-capita net income was 630 yuan, up 5 percent, or an increase of merely 1 percent when allowing for inflation. Therefore, the conclusion is that total supply and demand were basically in balance, but the structural contradiction between supply and demand remains very conspicuous. For this reason, it is evidently not enough to apply macroeconomic regulation and control only to total supply and demand. In-depth studies should be conducted and proper regulation and control measures adopted to rationalize the demand structure. This is an important measure for achieving a relative balance in total supply and demand.

### III. Cause for Market Sluggishness No Longer Related to Total Supply and Demand, but to Structure

Economic improvement and rectification led to market sluggishness, which was the positive effect of economic improvement and rectification. Opinions on market sluggishness varied for some time. A greater number of people condemned market sluggishness, attributing everything bad to it. How should we correctly analyze and understand market sluggishness? We should admit that market sluggishness has a dual nature. First, when regarding market sluggishness as a bad thing, what we fear most is the phenomenon of stagflation, with market sluggishness and inflation appearing simultaneously. In fact, stagflation did not appear last year or this year. Second, market sluggishness tells producers and businessmen that it is due to many years of irrational structure, and a neglect product quality and input-output studies. It also reminds people to adjust the structure rapidly, improve product quality, attach importance to input-output analyses, and then increase the enterprises' and products' competitive edge in the market. This is the most elementary requirement in the commodity economy, and it is also one of the purposes of socialist production. The emergence of a buyer's market is just what the masses want. In this sense, market sluggishness is a good thing.

We must say that at the beginning of retrenchment, a policy we adopted in the fourth quarter of 1988, the degree of retrenchment was a little too great. Without full mental preparation, some enterprises and managers continued production without conducting market analysis. When changes took shape in the market, a shortage of immediate demand emerged. The very evident results in controlling capital construction led to a shortage in demand for means of production. Meanwhile, a reduction in capital construction also led to a serious shortage in demand for the means of subsistence (according to the

theory on input, 30 to 40 percent of capital construction may be transformed into demand for the means of subsistence). In this way, sluggishness appeared in the domestic market, caused by total supply and demand. Commodity retail sales registered a negative increase for a period as long as 10 months, from August 1989 to May 1990. After implementing the series of measures to invigorate the market and adjusting the degree of retrenchment, the decline in commodity retail sales in the domestic market began to change. The decline ended in June 1990, and an upturn in retail sales appeared in the third and fourth quarters of the year, increasing by 2.3 percent in the third quarter and 9.4 percent in the fourth quarter. The rural market began to recover in the third quarter of the year. In the fourth quarter, the commodity retail sales in cities grew by 13.3 percent, and by 5.4 percent in counties and localities below the county level. The market for the means of production also began to pick up, and by the end of the year sales had increased to a level that was basically the same as it had been in the previous year. At present, the reason for the sluggishness in the domestic market has changed from being related to total supply and demand to being related to structure; the market will be turned to normal gradually.

#### **IV. Always Control and Supervise the Resilience of Inflation, Even When General Trend Is Stable**

People's understanding varies as to whether there will be a resurgence of inflation. Some people believe that currently there is too little currency in circulation, rather than too much. Products do not sell well, and therefore there will be no resurgence of inflation. Their argument is that in 1989 the amount of currency in circulation was 112.6 billion yuan greater than in 1986, while commodity prices rose by 51 percent and the renmibi was devalued by 37 percent. This meant that price rises had already eaten up tens of billions of yuan. In 1989 GNP was 1,578,900,000,000 yuan, up 62.8 percent from a GNP of 969.6 billion yuan in 1986, but the amount of currency in circulation was merely 74 percent of the amount normally needed when allowing for price rises. Due to a shortage of currency in circulation and market sluggishness, there was a typical phenomenon of deflation, rather than a danger of inflation.

We should not consider cash alone when inspecting the resilience of demand. In 1989, banks issued a great amount in loans. After a certain period, these loans were bound to promote inflows of cash and speed up the growth in immediate demand, and thus inflationary pressures would become increasingly greater. We should not judge the effect of commodity prices on currency by calculating the amount of currency eaten up by price rises. If we think that price rises eat up currency, and then put more currency in circulation, prices would rise again, and then we would have to put more currency in circulation again. This would become runaway inflation. Therefore, we should not consider the problem merely by calculating the amount of currency eaten up by price rises. In the fourth quarter of 1989, the degree of retrenchment was adjusted, and banks issued 120 billion

yuan of loans. In 1990, loans were actually issued very liberally. By the end of December, the total amount of loans issued by banks and credit cooperatives had increased by 304.4 billion yuan, 101.6 billion yuan more than in 1989. This was a record high, and it greatly exceeded the amount normally needed. Judging from the law governing the operation of currency, the increase in M1, which is currency in a narrow sense (namely M0, which is cash, plus the purchasing power that can be paid with checks), and in M2, which is currency in a broad sense (namely M1 plus near money, which is people's savings deposits on the lists of debts of banks), will certainly lead the input of M0, which is currency, after six months. We must never neglect such an effect loans have on cash. After a period, excessive loans will aggravate excessive issues of currency, inflationary pressure will increase, and, once a certain turning point appears, inflation will come. The question we should study at present is whether the currency under control leaves the banks. This question is decided by: 1. whether investment in fixed assets suddenly becomes vigorous, and 2. whether there will be a poor agricultural harvest due to disasters and other reasons, which will lead to panic-buying of farm and sideline products and light industrial and textile goods. If the possibility is small, the resurgence of inflation will also be extremely small (the approximately 20 billion yuan drawn from bank savings deposits in 1988 was too much for the market). Even if some slight or moderate inflation emerges, it is also possible for us to adopt some minor adjustment measures to control it. Therefore, the general trend is stable. However, at present, we should strengthen the monitoring and supervision of commodity prices and monetary work. This may prevent a loss of control over the resilience of demand in our economic activities, so that great danger can be avoided.

#### **V. Shortages of Funds Will Be Eased, But Not Resolved Within a Short Period**

Why do people report shortages of funds when organizing production, business, and construction? We may say that the shortages are the unavoidable result of many years of an overheated economy. The problems that emerge in the operation of funds are specific manifestations of various inherent contradictions in the entire process of expanding reproduction and simple reproduction. Why do enterprises feel a shortage of funds, although loans have increased?

First, funds are tied up in the three purposes of enterprises, and funds tied up in stockpiled commodities cannot be transformed into currency or circulate during the process of production and circulation. By the end of 1990, the funds tied up in the three purposes totalled as much as 14.39 billion yuan, up more than 3 billion yuan from the previous year. Second, the circulating funds that should have been supplemented in order to continue expanding production were not supplemented. Compared with 1983, the output value of budgetary industrial enterprises rose by 69 percent in 1990, the profits and taxes they turned over to higher authorities rose 62

percent, and their retained profits rose 130 percent, but the share of their funds used in the fixed amount of circulating funds declined from 40 to 18 percent. In 234 "double-guarantee" enterprises, the share was merely 17.2 percent. According to a survey of 1,367 enterprises in the province, their circulating funds totaled 6.19 billion yuan in 1990; only 7.5 percent of this, or 1.97 billion yuan, was owned by themselves. Third, income that was increased because the prices of in-stock commodities were raised according to state stipulations should be used to increase circulating funds. However, instead of using it to supplement circulating funds, it was viewed as business income, and was turned over to higher authorities and shared by enterprises. Fourth, enterprise deficits were serious. Fifth, enterprises' debt chains created chaos in the operation of funds. The state was resolute about clearing up the debts, but enterprises continued borrowing money from one another. This was because fundamental problems had not been solved, even though the situation had improved somewhat. The fundamental problems are mainly the following: First, the long period of overstocked goods made it difficult for enterprises to organize production continuously, and some enterprises had to sustain production by defaulting on payments for goods they ordered. Second, there was a large gap in fixed-asset investment. From 1987 to 1989, investment in large and medium, key state projects was more than 8 billion yuan short of demand. Even the investment in new and continued construction projects and in technical transformation projects carried out in 1990 was not adequate. According to statistics, the shortage of circulating funds in state enterprises that began operating from 1987 to 1990 was as high as 100 billion. Enterprises had to sustain production by defaulting on payments for purchases of equipment and raw materials and for construction. Third, financial subsidies to cover enterprise deficits, especially deficits that were caused by policy reasons, were not allocated in a timely manner, and enterprises had to owe debts. This was actually a hidden deficit, because the burden on financial departments was transferred to banks.

In short, efforts to solve funding shortages should keep pace with efforts to bring about coordinated development in the economic operation. The problem lies both in enterprises themselves and in the operating mechanism and economic structure. Following the in-depth development of economic improvement and rectification, the shortage of funds will be alleviated. However, it cannot be fundamentally resolved within a short period.

#### **VI. Key To Resolving Problem of Poor Economic Efficiency is Reform and Opening Up**

Since economic improvement and rectification started, the decline in economic efficiency was discussed more publicly. However, economic improvement and rectification was not the reason for the poor efficiency. The numerous reasons for the decline in efficiency can be summarized as being of two types. One type is inherent factors within enterprises themselves, and the other type is factors external to enterprises. Inherent factors are

mainly problems with management. Loss and waste caused by poor management is really appalling. Enterprises did not set up production and business accounts, conduct cost analyses, set quotas, hold responsibilities, or establish standards. Their product quality was poor, their products outmoded, their energy and material consumption was high, and their management was extensive. If they pay attention to weak links in management and carry out enterprise reform with a revolutionary attitude, their economic efficiency will be much better.

At present, many people have become used to following the beaten path, and they are willing to cherish the outmoded. Another reason lies in the structure. Poor economic efficiency results from the low efficiency in production. Why is production efficiency low? Because enterprises have to produce below capacity due to duplicate construction and the market's limited capacity; because the "bottleneck" phenomenon in the national economy makes it difficult for enterprises produce at full capacity; and because a lack of supporting facilities in production and many other reasons make it difficult for enterprises to reach their designed capacity. Such a phenomenon is the result of extremely irrational inputs and outputs, and in the final analysis, the result of a seriously irrational relationship between distribution, the pricing system, and enterprise mechanisms. Therefore, an important reason for poor economic efficiency is the irrational economic structure. Thus we must persist in reform and opening up in order to change extensive management into intensive management, and to rationalize input, output, and structure. If we do not start by using economic structural reform to solve our problems, the poor economic efficiency will not be changed for good. The problem of poor economic efficiency cannot be solved overnight. The situation will improve yearly, but several years of ceaseless effort are required if we are to fundamentally solve the problem.

#### **VII. To Invigorate Large and Medium Enterprises, Solve Problems With Enterprise Mechanisms**

Enterprise mechanisms, the distribution relationship, and the pricing system are all interrelated and interactive. Our efforts to invigorate large and medium enterprises will be incomplete if we consider only enterprise mechanisms. However, the major problem lies in enterprise mechanisms. What is this? It is the independent management of enterprises, where enterprises should be responsible for their profits and losses and develop and regulate themselves. To achieve this, delegating power to enterprises or allowing them a greater share of profits is not enough. The contract system has invigorated enterprises. However, signing contracts without strictly fulfilling them is no better than signing no contracts at all. What are the imperfections in the enterprise contract system? The major one is the failure to properly handle the relationship among the state, collectives, and individuals, with distribution slanted too far toward the individual. This is not the problem with the contract system but with operations. Price distortions in different

enterprises and industries have caused numerous problems and contradictions in the national economy, including the "bottleneck" phenomenon. Different policies have also caused seriously uneven development in different localities. What we call the "northeast China phenomenon" is caused by northeast China's industrial structure emphasizing heavy industry and the production of raw materials, which have low added value, and the multitude of mandatory plans, which lead to the transfer of large quantities and to efficiency. Therefore, to invigorate large and medium enterprises, we should do the following: 1. Adjust policies to particularly reduce mandatory plans and increase guidance plans. 2. Create favorable conditions for reform and opening up,

enabling enterprises to enter the international market freely, participate in international economic circulation and competition, and upgrade their production and management levels. 3. Provide policies to encourage technical transformation. In particular, make policies for and put pressure on large and medium-sized enterprises concerning their use of foreign capital, to enable old enterprises to regain their vigor. 4. Give enterprises autonomy. In the final analysis, we should provide external conditions to relax the restrictions on enterprises, so that their operational mechanism can meet the requirement for combining the planned economy with market regulation, and so that it can play a greater role in the national economy.

### Ningxia's 1990 Economic, Social Statistics

*HK0307140591 Yinchuan NINGXIA RIBAO in Chinese  
1 April 91 p 2*

[Report: "Statistical Bulletin on 1990 National Economic, Social Development of Ningxia Hui Autonomous Region"]

[Text] In 1990, under the correct leadership of the regional party committee and government, people of all nationalities in the Ningxia Hui Autonomous Region further implemented various principles, policies, and measures for economic improvement and rectification, and deepening reform; vigorously improved the economic environment; made earnest efforts to strengthen macroeconomic regulation and control; and enabled the national economy to develop favorably on a constant basis. New gains were made in various fields, such as science and technology, education, culture, public health, and sports. Preliminary statistics show that annual GNP reached 6.2 billion yuan, and national income, 4.8 billion yuan, up 4.3 and 2.5 percent respectively from the previous year. The most conspicuous problems with recent economic developments were overstocked manufactured goods and a drop in enterprises' economic efficiency.

#### I. Agriculture

Sustained and stable development was registered in the region's agricultural production in 1990. The gross value of agricultural output amounted to 2.469 billion yuan, up 4.28 percent over 1989. Of the total, crop cultivation's output value increased by 2.45 percent; animal husbandry's, 10.5 percent; forestry's, 28 percent; and fisheries', 9.59 percent. However, the output value for sideline products dropped by 6 percent.

Grain production grew by a large margin, hitting an all-time high. A sample survey showed that: In 1990 the region's total grain output reached 1.917 billion kg, up 8.6 percent, with a net increase of 152 million kg, over 1989, and four percentage points higher than the entire country's range of increase. Harvests were reaped on both hills and plains, and they were up 11 and 7.7 percent respectively over 1989. The region's first goal in bringing grain output to new heights—that grain output should reach 1.8 billion kg in 1990—was accomplished.

Among major cash crops, the output of oil-bearing crops stood at 62,400 tonnes, up 1.2 percent over 1989, while beetroot output reached 478,000 tonnes, up 4 percent. The varieties and output of vegetables all rose, and there was a balanced amount of vegetables on the market.

The outputs of major agricultural products were as follows:

Product	1990 output	Increase over 1989 (%)
Grain	1.917 billion kg	8.6
Summer grain	831 million kg	7.4

Autumn grain	1.086 billion kg	9.5
Oil-bearing crops	62,400 tonnes	1.2
Beetroot	477,900 tonnes	4.0
Fruits	55,200 tonnes	-1.6

Remarkable results were achieved in the production and protection of forests. A total of 450,000 mu of afforestation areas were opened up during the year, overfilling the production target by 12 percent.

Efforts were made to surmount numerous difficulties, so as to end the decline in animal husbandry. Except for a decrease in the amount of sheep and goats in stock at year's end, the number of large animals reached 743,000 head, while the number of live pigs reached 660,000 head, up 1.1 and 0.9 percent respectively from 1989. Increases were also registered in outputs of such products as meat, poultry, eggs, and milk.

The output of major animal by-products and head of livestock were as follows:

Product	1990 output	Increase over 1989 (%)
Total meat output	68,545 tonnes	10.6
Pork, beef, mutton	62,791 tonnes	9.0
Poultry, eggs	21,846 tonnes	20.4
Fresh milk	40,704 tonnes	21.1
Sheep wool	3,780 tonnes	1.6
Sheep, goats, sold or slaughtered	1.047 million head	0.5
Hogs slaughtered	591,000 head	9.8
Pigs at year's end	660,000 head	0.9
Sheep, goats at year's end	3.176 million head	-9.4
Large animals at year's end	743,000 head	1.1

Fish production maintained a fairly rapid development. The total output of aquatic products reached 10,217 tonnes, an increase of 10.1 percent over 1989.

Conditions for agricultural production improved further. The aggregate power capacity of farm machines at year's end reached 1.911 billion watts, an 8.4-percent increase over 1989. There were 5,966 large- and medium-sized tractors, an increase of 29.5 percent; 83,934 small-sized and walking tractors, an increase of 11.2 percent; and irrigation and drainage equipment with a capacity of 147 million watts, an increase of 14.6 percent. A total of 116,600 tonnes of chemical fertilizers (in terms of 100 percent active ingredients) were applied during the year, up 5.3 percent over 1989. The total consumption of electricity in rural areas was 385.7 million kwh [kilowatt hours], a 19.2-percent increase. A total of 160,000 mu of new irrigated land was added; 350,000 mu of original irrigated land improved; 240,000

mu of "three fields" for dry crops built; and 550 square kilometers of soil-eroded areas harnessed.

Sustained development was registered in the rural economy as a whole. The total social output value in rural areas reached 3.581 billion yuan, an increase of 6 percent over 1989. Of the total, the output value of rural industry increased 9.4 percent; that of the building industry increased by 2.3 percent; that of transportation, 10.2 percent; and that of commercial and catering business, 0.2 percent.

## II. Industry

In 1990, the region's industrial production maintained sustained growth, though it was affected by many unfavorable factors. The gross value of industrial output for 1990 was 6.379 billion yuan, a rise of 6.1 percent over 1989 (the total would be 6.055 billion yuan, up 5.5 percent, after allowing for the output values of industries at the village level and below). Of this amount, the output value of light industry was 1.786 billion yuan, down 0.5 percent, and that of heavy industry was 4.611 billion yuan, up 9.1 percent. Of the total, the output value of state industries increased 6.5 percent; that of collectively owned industries increased 1.6 percent (with that of township industries rising by 3.9 percent); that of individually run industries rose 24.1 percent; and that of industries under other kinds of ownership rose 18.3 percent. The output of major industrial products was as follows:

Product	1990	Increase over 1989 (%)
Cloth	12.3264 million meters	-23.4
Woolen piece goods	1.0323 million meters	29.7
Knitting wool	1,706 tonnes	-30.3
Wool blankets	484,900 pieces	-23.3
Sugar	43,500 tonnes	5.0
Cigarettes	44,700 cartons	26.3
Household ceramics	19.2341 million pieces	-15.9
Plastic products	7,783 tonnes	-21.1
Machine-made paper, paper board	66,800 tonnes	-0.7
Total productive energy capacity (of standard fuels)	10.57 million tonnes	1.0
Crude coal	14.4305 million tonnes	7.8
Crude oil	257,700 tonnes	-10.2
Electricity	5.596 billion kwh	3.3
Hydroelectricity	1.097 billion kwh	-10.9
Pig iron	55,400 tonnes	77.6
Rolled steel	47.5 tonnes	13.1

Cement	957,400 tonnes	2.0
Timber	276,500 cubic meters	238.8
Ferroalloys	77,900 tonnes	23.7
Aluminum	60,100 tonnes	16.2
Chemical fertilizer	277,400 tonnes	30.1
Machine tools	1,308	-27.9
Bearings	1.9757 million sets	9.3
Tires	635,000	-8.1
Small-sized tractor	11,900	45.1
Testing machines for metal materials	445	-68.0

Industrial economic efficiency remained poor. Profits and taxes on product sales taxes of state industrial enterprises amounted to 233.59 million yuan, down 28.5 percent from 1989, while profits and taxes on product sales per 100 yuan dropped from 14.15 yuan in 1989 to 9.03 yuan. The turnover period for the floating funds quota in state independent accounting units lengthened from 129 days in 1989 to 166 days. Total labor productivity grew by only 4.26 percent from the previous year. A total of 723.25 million yuan was used for products and finished products, up 55.7 percent from 1989. Costs of products continued to rise.

## III. Investment in Fixed Assets and Construction

In 1990, the region's investment in fixed assets increased. Total investment in fixed assets in 1990 came to 2.12 billion yuan, up 19 percent from 1989, after allowing for non-comparable factors in the commodity housing statistics. Of the total, 1.675 billion yuan was in state-owned units, up 25.3 percent; 126 million yuan was in collectively owned enterprises, up 12.3 percent; and 319 million yuan was for individual investment, up 3.4 percent. The number of capital construction projects and technological transformation and renovation projects in state-owned units totalled 934, 173 less than in 1989. Investment in capital construction by state-owned units amounted to 1.057 billion yuan, a 31 percent rise over 1989. Of the total, productive investment came to 841 million yuan, an increase of 41.2 percent, and its proportion of total capital construction investment increased from 73.9 percent in 1989 to 79.6 percent. Investment in non-productive construction was 216 million yuan, up 2.4 percent, and its proportion dropped from 26.1 percent in 1989 to 20.4 percent. Of investment in non-productive construction, 87 million yuan went into residential housing, basically equaling that in 1989. Total investment in technological transformation and renovation in 1990 was 520 million yuan, an increase of 10.87 percent over 1989.

In 1990, at the same time total investment increased, the region's investment structure was further readjusted. Construction in such departments as agriculture, energy, transportation, posts, and communications was strengthened. Of the total investment in fixed assets made by

state-owned units, 103 million yuan went to agriculture, an increase of 35.2 percent over 1989, and its proportion of the total rose from 5.7 percent in 1989 to 6.1 percent; 733 million yuan was channeled into the energy industry, an increase of 39.2 percent, and its proportion of the total grew from 39.4 percent in 1989 to 43.8 percent; 152 million yuan was put into transportation, posts, and telecommunications, a rise of 34.7 percent over 1989, and its proportion of the total went up from 8.4 percent in 1989 to 9.1 percent.

Construction of key projects was stepped up. In 1990, investments worth 541 million yuan, or 99.6 percent of the annual planned target, were put into eight key projects. Ningxia Oil Refinery began trial operations. Daba Power Plant's No. 1 generating unit (300,000 kw) entered trial operation. Having been checked and approved by the government, Wangwa Coal Mine started production. The Yanhuanding pumping project overfulfilled its annual target by 22 percent.

The new productive capacities from these capital construction projects included: 660,000 tonnes of coal a year, 82 km of transmission lines, 2,100 tonnes of electro-ferroalloys a year, 20,000 tonnes of sulphuric acid a year, 157 km of newly built or renovated highways, 104,300 mu of effective irrigated areas, 12.3 million kg of grain storage capacity, 500 and 12,064 student positions in technical and ordinary secondary schools respectively, and 15,057 places in primary schools. Increases in heating capacity in urban areas included: four tonnes of steam and 60 megacalories of hot water an hour.

The gross output value of state construction enterprises was 530 million yuan in 1990, 22 percent more than in 1989, and the total floor space of buildings under construction was 1.028 million square km, down 3.2 percent. Labor productivity (calculated according to gross output value) reached 12,696 yuan per person, up 5.1 percent.

#### IV. Transportation, Posts, and Telecommunications

In 1990, the region's transportation departments handled 39.66 million tonnes of goods, up 3.3 percent from 1989. Of the total, rail handled 15.12 million tonnes and highways handled 23.01 million tonnes, up 0.1 and 1 percent respectively. The volume of passenger transportation was 28.12 million person-kilometers, a drop of 5.2 percent from 1989. From this, the transportation volumes of railways and highways dropped by 23.6 and 3.6 percent respectively.

The various transportation volumes were as follows:

Item/Type of transport	1990	Increase over 1989 (%)
Volume of goods	7.58471 billion tonne-km	1.4
By rail	5.98005 billion tonne-km	no change

By Highway	1.25898 billion tonne-km	9
Volume of passengers	1.91869 billion person-km	-14
By highways	1.45059 billion person-km	-13

Posts and telecommunications undertakings underwent fairly rapid development. Total posts and telecommunications transactions in 1990 amounted to 24.82 million yuan, an increase of 21.1 percent. At year's end there were 23,571 telephone subscribers in urban areas, up 9.5 percent from the end of 1989. Program-controlled telephones 99 [as published] accounted for 26 percent of the total telephone volume in urban areas.

#### V. Commerce, Prices, Marketing, Supply of Materials

Circulation orders continued to take a favorable turn, and consumption demand went up. The total volume of retail sales in 1990 was nearly 3 billion yuan, while retail sales of consumer goods totalled 2.53 billion yuan, up 6.5 and 6.4 percent respectively from 1989. Of the total, retail sales of consumer goods to both residents and social groups grew by 5.6 and 13 percent respectively. Retail sales of the means of agricultural production amounted to 470 million yuan, a 7.4-percent rise.

Judging from the urban and rural consumer goods markets, annual retail sales in urban areas rose by 9.5 percent over 1989, and markets at the county-level and below grew by 2 percent. Urban areas saw a greater increase in retail sales than did rural areas.

For the retail sales of various economic commodities, state-owned units experienced a 6.8 percent growth; supply and marketing cooperatives saw a rise of 1.8 percent; other collectively owned units saw a drop of 18.2 percent; and the private commercial sector saw a 17.8-percent increase.

The total sales volume of most principal consumer goods and edible commodities were stable, while sales volumes for such commodities as edible vegetable oils, eggs, aquatic products, sugar, and wine increased from the previous year. The sales volumes of clothes and daily necessities, including woolen piece goods, increased by 5.8 percent; transistor radios, 30.6 percent; color television sets, 22.3 percent; and household refrigerators, 54.8 percent.

The economic efficiency of commercial departments decreased. Annual profits earned by state-owned departments and cooperatives in marketing and supply dropped by 40.36 million yuan compared to 1989; deficits incurred by loss-makers rose by 22.7 percent; and the turnover period for funds lengthened from 143 days in 1989 to 157 days.

Business in markets for the means of production was slack. In 1990, sales of the means of production by regional materials departments and affiliated organizations stood at 697 million yuan, a 18-percent drop from

the previous year. Sales of rolled steel totalled 150,000 tonnes, practically equalling sales in 1989; timber sales totalled 130,000 cubic meters, a drop of 27.5 percent; and cement sales totalled 150,000 tonnes, a drop of 26.5 percent.

After experiencing sharp rises for two consecutive years, market prices saw an undoubtedly smaller rise in 1990. The general level of retail prices in 1990 rose by 4.2 percent over 1989. New price rises were responsible for a rise of 2.6 percentage points. The general level of retail prices in both urban and rural areas grew by 2.3 and 5.7 percent respectively compared to 1989.

The general level of living costs for urban and rural residents rose by 7.1 percent from the previous year.

Changes in the prices of various commodities and service items were as follows:

Item	Increase, 1990 over 1989 (%)	Increase in urban areas, December 1990 over December 1989 (%)
Foodstuffs	1.7	7.2
Grain	0.6	2.8
Meat, poultry, eggs	7.0	4.3
Vegetables	6.6	33.8
Aquatic products	1.1	-0.7
Cigarettes, wine, tea	5.2	5.2
Garments	5.6	2.0
Medicine, medical equipment and instruments	0.7	-0.7
Fuels	39.8	38.8
Means of agricultural production	5.6	-
Services	40.5	39.1

## VI. Foreign Trade and Tourism

In 1990 the region's total import and export value amounted to \$84.91 million, an increase of 8.2 percent over 1989. Of the total, exports totalled \$76.79 million, 22.9 percent more than in 1989, while imports totalled \$8.12 million, down 49.3 percent.

In 1990, seven contracts for introducing foreign investment were signed, worth a total of \$7.35 million. The region used a total of \$13.37 million of foreign capital in 1990. The region also signed three contracts for obtaining foreign governmental loans worth \$6.63 million. Approval was granted for establishing four "partially or wholly foreign-owned" enterprises, involving contracted foreign investment (the direct investment of overseas businessmen) worth \$1.02 million. The foreign exchange earnings of the "three kinds of partially or wholly foreign-owned enterprises" stood at \$518,000, an increase of 350 percent over 1989. Nine projects for

introducing foreign technology were approved, involving a contracted amount of \$13.06 million.

In 1990, the region attracted 5,560 visitors (days) from 49 countries and regions, an increase of 187 percent over 1989. Foreign exchange (foreign exchange certificates) earned through tourism during the year totalled \$1.7505 million. Tourist departments received 653,000 domestic visitors and earned 884,000 yuan in major scenic spots.

## VII. Science and Technology, Education, and Culture

Scientific and technological undertakings underwent constant development. By the end of 1990, there were 117,000 scientific and technological personnel engaged in various specialities throughout the region, an increase of 7.3 percent over 1989. Of the total, 51,000 were professionals engaged in natural sciences, while 66,000 were engaged in social sciences, increases of 8.5 and 6.5 percent respectively. There were 60 independent scientific research institutions throughout the region, 54 of which were engaged in natural sciences, while six were engaged in social sciences and humanities. In efforts to promote agriculture through the application of science and technology a large number of suitable new technologies were disseminated and applied. Scientific and technological progress accounted for 37 percent of agricultural growth. The region's large and medium enterprises set up 24 special institutions and organized 261 projects for technological development, up 68.4 percent from 1989. A total of 91 applications for patent rights were processed during the year, and 37 were approved.

Various educational undertakings experienced constant development in 1990. Institutions of higher learning enrolled a total of 12 postgraduates, and there are 34 postgraduates studying throughout the region. Colleges and universities enrolled 2,324 undergraduates, and there are 7,992 undergraduates studying throughout the region, up 1.4 percent from 1989. Adult higher education institutions enrolled 1,857 students, and the number of students studying in these institutions totalled 5,964. The Broadcasting and Television University set up a total of 49 working stations (branches) teaching 83 subjects throughout the region, shaping a preliminary, multi-layered, adult educational network.

Technical secondary schools had an enrollment of 1.16 million students, an increase of 1 percent over 1989. Secondary schools had 61,800 students, up 1.1 percent. There were 5,747 students studying at vocational agricultural schools (equivalent to senior middle schools), while 9,764 were studying at technical schools. The number of students studying in adult technological secondary schools totalled 5,747.

There were 223,000 students studying in junior middle schools across the region, while 667,000 were studying in primary schools; these were an increase of 3.2 and a decrease of 2.6 percent respectively from 1989. A total of 15 counties passed the acceptance test for popularizing primary education, and the attendance rate for preschool children stood at 93.9 percent. Initial results were

achieved in the "231" project for eliminating illiteracy, with 14,000 people becoming literate in 1990. New achievements were also scored in the work of ensuring children's education.

By the end of 1990, the region had 20 performing arts troupes, 19 cultural clubs, 20 public libraries, four museums, and 29 archives. In addition, there were eight broadcasting stations and eight radio transmitting and relay stations, with broadcast coverage reaching 68.7 percent of the population. There were four television stations and 39 television transmitting and relay stations, with television coverage reaching 61.8 percent of the population. In 1990, the region had 699 cinemas and film projection units of various kinds. It produced 10 television films in 42 parts, 144 new films and feature films, and three full-length documentaries. Some 45.61 million copies of nine newspapers, 707,700 copies of 15 magazines, and 18,904 million copies of 449 books and picture books were published in 1990.

### VIII. Public Health and Sports

Public health undertaking developed constantly in 1990. The number of hospital beds in the region reached 10,045, an increase of 2.2 percent over 1989. There were 19,175 professional health personnel, including 9,185 doctors (6,905 were physicians who practiced traditional Chinese and Western medicine), an increase of 4.1 percent. The number of head nurses and nurses totaled 4,940, up 8.7 percent. There were significant breakthroughs in sports. In 1990, the region's athletes broke a world record in women's snatch weightlifting, equalled a world record in juvenile women's shooting, topped an Asian record in women's clean-and-jerk weightlifting, and broke a national record in women's shooting, as well as breaking 30 regional adult and juvenile records. The athletes also won first through sixth place on seven occasions in world and Asian competitions and friendly games. They won the first six places on 56 occasions in national competitions, various domestic invitational tournaments, and competitions among regions. Three athletes participated in the 11th Asian Games, and one won an individual bronze medal, as well as a team gold medal in the women's pistol event at the Asian Games. During the year, the region held a total of 934 sports meetings at the township level and above, with 189,000 athletes participating. There were 353,000 people who reached "the state standard in sports training."

### IX. People's Living Standards

The income of both urban and rural residents increased in 1990. A sample survey showed that urban and rural residents across the region had an average income of 1,270.55 yuan in 1990, an increase of 15.02 percent. The per-capita income of peasants was 569.78 yuan, 5.85 percent higher than in 1989.

In 1990, 39,700 people found jobs in urban areas. The region had 674,100 workers and staff members by year's end, 48,900 more than at the end of 1989. Of this

number, there were 67,800 employees under labor contracts in state-owned units, and 27,300 self-employed workers in cities and towns by the end of 1990. These were increases of 13,000 and 5,400 workers respectively than at the end of 1989.

Total employee wages in 1990 (including meat subsidies) amounted to 1.5 billion yuan, up 13.68 percent over 1989. The average per-capita cash wage for employees was 2,252 yuan, an increase of 10.34 percent over 1989.

Urban and rural savings deposits increased by a wide margin. The balance at year's end was 3.28 billion yuan, 890 million yuan more than at the end of 1989, and an increase of 37.4 percent. Of this, urban savings deposits totalled 2.75 billion yuan, while rural savings deposits totalled 530 million yuan, increases of 38.2 and 33.8 percent respectively.

Housing for both urban and rural dwellers improved. The per-capita living space for urban dwellers increased from 9.55 square meters in 1989 to 10.29 square meters; that for rural dwellers rose from 13.73 to 13.98 square meters.

By the end of 1990, there were 257 social welfare institutions providing for 1,995 people throughout the region. Homes for the elderly have been built in 83.4 percent of cities and towns across the region.

Insurance undertakings experienced stable development. In 1990, domestic property insurance totalled 7.22 billion yuan, a rise of 5.09 percent over 1989. A total of 1,281 enterprises bought enterprise property insurance, and 705,900 people bought life insurance. In 1990, insurance companies provided 49 different kinds of insurance, handled 6,272 claims on domestic property insurance, and paid 13.846 million yuan in compensation.

### X. Population

In 1990, the region achieved remarkable results in population control and family planning. A sample survey showed that a total of 113,314 people were born across the region in 1990, a birth rate of 24.34 permillage; There were 25,698 deaths during the year, a mortality rate of 5.52 permillage. There was a natural population growth of 87,616 people, for a natural growth rate of 18.82 permillage, down 0.39 permillage from 1989. According to statistics from the population census, the region had a total population of 4.702 million at the end of 1990. A survey made by public security organs at the end of 1990 indicated that the region's total population was 4.657 million, 109,000 more than at the end of 1989. Of this, the Hui nationality population totalled 1.539 million, 42,000 more than in 1989. Both the survey made by public security organs and the population census show that the region still ranks first in the nation in net population growth. Therefore, efforts must be made to arouse a "population awareness" among people of all nationalities throughout the region, in order to do a better job in family planning.

**Notes:**

Note 1. The absolute figures and growth rates of the various gross output values are calculated in accordance with prices for the year and comparative prices respectively.

Note 2. The total year-end population that was calculated according to the population census includes the floating population, those who have left their original residential registration places more than one year ago and who reside in the region.

**Shaanxi's 1990 Economic, Social Statistics**

*HK0907063591 Xian SHAANXI RIBAO in Chinese  
31 Mar 91 p 2*

[Report: "Communiqué Issued by the Shaanxi Provincial Statistical Bureau on Shaanxi's 1990 National Economic and Social Development"]

[Text] Thanks to the earnest enforcement of the policy of economic improvement and rectification and deepening reform in 1990, marked results have been achieved in implementing the state's policy of duly readjusting the macroeconomy. The economic environment has improved somewhat, problems in social supply and demand have eased further, agriculture has reaped bumper harvests, industry has maintained sustained growth, prices have been effectively brought under control, foreign trade and exports have increased, and the overall national economy has continued to develop in a favorable direction, promoting political and social stability. New successes have been made in science, technology, education, culture, public health, sports, and other undertakings. According to preliminary figures, the year's GNP is estimated to reach 37.3 billion yuan, a 4.7 percent increase over the previous year; national income is estimated to amount to 29.7 billion yuan, up 4.4 percent. The main problems in economic operations include: poor economic efficiency, serious overstocking, and aggravated financial difficulties.

**I.Agriculture**

Despite financial difficulties in 1990, all localities in Shaanxi paid great attention to agriculture, increased farming inputs, vigorously developed the construction of water conservancy works, and implemented measures for "boosting agriculture with science and technology." In addition, the suitable natural climate facilitated comprehensive development of agriculture, animal husbandry, sideline products and fisheries. The year's gross value of agricultural output equalled 17 billion yuan (based on a fixed price of 8.82 billion yuan in 1980), a 6.1 percent rise over the previous year. Of this, farming's output value was 10.92 billion yuan, up 4.8 percent; animal husbandry's was 3.57 billion yuan, up 8.5 percent; sideline occupations' was 1.52 billion yuan, up 15.4 percent; fisheries' was 90 million yuan, up 15.3 percent; and forestry's was 900 million yuan, down 6.2 percent.

There were bumper harvests of major crops. The output of grain, edible oils, tobacco, silkworm cocoons, and fruits hit all-time highs, and cotton output increased by a large margin. However, the overall production capacity of agriculture was relatively low, and can be raised further.

The output of major produce was as follows:

Crop	1990	Percent increase over 1989
Grain	10.707 million tons	2.0
Cotton	78,000 tons	39.3
Edible oil	334,000 tons	7.4

Rape seed	193,000 tons	-3.1
Beetroot	55,000 tons	17.0
Tobacco	123,000 tons	4.2
Silkworm cocoons	9,721 tons	15.4
Tea	4,548 tons	10.3
Fruit	620,000 tons	14.2

New headway was made in forestry production. The area and quality of afforestation increased and marked results were achieved in building the northern Shaanxi shelter forest. Output of major forestry products, such as tung-oil seeds, tea-oil seeds, gallnut, palm, mushroom, chestnut, and prickly ash, increased, while that of walnut, fungus, and raw lacquer decreased.

Animal husbandry continued to develop steadily. A new record was set in the number of pigs slaughtered and in total meat output. The number of pigs and large animals in stock and the output of poultry, eggs, and milk increased.

The output of major animal by-products and head of livestock were as follows:

Item	1990	Percentage increase over 1989
Pork, Beef, Mutton	445,000 tons	10.7
Milk	95,000 tons	2.2
Sheep wool	4,006 tons	7.6
Hogs slaughtered	5.394 million head	9.2
Pigs at year's end	8.122 million head	1.0
Sheep and goats at year's end	6.126 million head	-0.6
Large animals at year's end	3.054 million head	0.76

Fishery production registered fresh progress. The annual output of aquatic products was 21,000 tons, a 14.4 percent increase over the previous year.

The conditions for farm production continued to improve. At the end of 1990, the aggregate power capacity of farm machines reached 7.12 billion watts, an increase of 4.9 percent over 1989. The number of large and medium size tractors was 21,000, an increase of 5 percent; small capacity and walking tractors, 236,000, up 7.8 percent; trucks, 15,000, up 7.1 percent; and farmland under irrigation, 1.263 million hectares, 15,000 hectares more than in 1989. A total of 681,000 tons of chemical fertilizers (in terms of 100 percent active ingredients) were applied during the year, a 16.6 percent increase over the previous year. The total consumption of electricity in rural areas was 2.92 billion kwh [kilowatt hours], an increase of 11 percent over 1989.

The rural economy developed in a comprehensive way. Total rural production in 1990 was 31.98 billion yuan, an increase of 11.2 percent over the previous year. Of this, rural industry, building trades, transportation, and commercial catering increased by 15 percent, 7.8 percent, 23 percent, and 12.7 percent respectively. Gross agricultural output's share of total rural production was 53 percent.

## II. Industry

Industrial production maintained steady growth. Shaanxi's industrial production declined in the first seven months of 1990. Thanks to the implementation of the state's detailed regulatory measures, production recovered in August and increased by a large margin in the fourth quarter. The annual gross value of industrial output [GVIO] totalled 44.26 billion yuan (based on a fixed price of 33.28 billion yuan in 1980), an increase of 7 percent over 1989. This figure did not include the output value of rural industry, which totalled 36.92 billion yuan (based on the fixed price of 27.16 billion yuan in 1980), an increase of 5.4 percent. The public sector's share of the GVIO rose 4.1 percent, the collective sector's share increased 7.9 percent (including a 14.3 percent increase registered in township industry), other sectors' shares went up 30 percent, the central sector's share rose 7.6 percent, and the local sector's share was up 6.8 percent.

Light industry apparently grew faster than did heavy industry. The gross value of light industrial output in 1990 was 18.8 billion yuan (based on a fixed price of 13.88 billion yuan in 1980), an increase of 8.3 percent over 1989, and accounting for 42.5 percent of GVIO. The gross value of heavy industrial output was 25.46 billion yuan (based on a fixed price of 19.4 billion yuan in 1980), an increase of 6 percent, and accounting for 57.5 percent of GVIO. Production of consumer goods and daily necessities increased steadily, and the situation in principal raw materials, supporting-agriculture products, and energy was good. Affected by market changes, production of high-class consumer durables and investment-type electromechanical products dropped. Problems in industrial structure remained unsettled.

Output of major industrial products was as follows:

Item	1990	Percentage increase over 1989
Yarn	155,000 tons	-9.4
Cloth	730 million meters	-0.2
Woollen piece goods	4.77 million meters	6.1
Silk fabrics	12,966 million meters	-4.2
Chemical fiber	15,000 tons	16.3
Machine-made paper and paper board	418,000 tons	14.7
Salt	125,000 tons	19.7

Cigarettes	1.478 million tons	12.5
Liquor	56,000 tons	-3.8
Beer	101,000 tons	18.0
Match boxes	883,000 pieces	32.7
Detergent	30,000 tons	10.9
Aluminum products	646 tons	58.3
Bicycles	44,000	-84.0
Television sets	1.067 million	-0.4
Color sets	588,000	-14.6
Cassette recorders	52,000	66.8
Cameras	4,000	-96.4
Household washing machines	219,000	-21.8
Household refrigerators	226,000	-9.4
Coal	33.274 million tons	5.7
Crude oil	701,000 tons	26.4
Electricity	14.97 billion kwh	-0.8
including hydropower	1.26 billion kwh	-2.9
Pig iron	361,000 tons	-4.3
Steel	491,000 tons	5.6
Rolled steel	314,000 tons	-1.9
Cement	5.303 million tons	-1.4
Plate glass	1.624 million cases	-13.6
Timber	730,000 cubic meters	-4.4
Sulphuric acid	304,000 tons	-1.5
Caustic soda	51,000 tons	11.3
Soda ash	41,000 tons	76.5
Chemical fertilizer	479,000 tons	15.8
Chemical insecticides	203 tons	220.0
Machine tools	3,243	-8.2
Precision tools	85	-34.6
Trucks	1,799	-66.2
Small-size, walking tractors	18,000	-10.6
Internal-combustion engines	647,000 kw	-2.1
Color kinescopes	1.668 million	29.6

Because of sluggish sales of some manufactured goods, the slow progress of readjusting the product mix, and poor management of some enterprises in 1990, economic efficiency dropped. The profit and tax rate of sales from the province's independent accounting industrial enterprises was 12.2 percent, a decrease of 3.2 percentage points from 1989. The turnover period for working funds was 184 days, 26 days more than in 1989. The amount of funds used for products increased by 26.5 percent and the costs of comparable products rose 7.9

percent. The number of loss-making enterprises increased, the amount of their deficits rose, and the quality of some products remained unstable.

### III. Investment in Fixed Assets, Construction

Investment in fixed assets recovered. The province's investment in fixed assets in 1990 totalled 10.37 billion yuan, 850 million yuan more than in 1989, or an increase of 9 percent. Of this, investment in local projects totalled 6.73 billion yuan, 520 million yuan more than in 1989, or a rise of 8.4 percent. Of the total investment in fixed assets, 7.39 billion yuan was made by state-owned enterprises, up 10 percent; 700 million yuan was made by collectively owned enterprises, up 14.6 percent; and 2.29 billion yuan was made by individuals, up 4.2 percent. There were 3,732 capital construction and technical transformation projects developed by state enterprises, 357 more than in 1989. Investment in projects under construction totalled 37.31 billion yuan, an increase of 14.3 percent over the previous year.

The investment structure was further readjusted. Construction of agriculture, energy, communications, post, and telecommunications was further strengthened. Of the public sector's investments, investment in agriculture totalled 130 million yuan, up 88 percent, and the public sector's share in total agricultural investment increased from 1 percent to 1.7 percent; investment in the energy industry reached 1.98 billion yuan, up 35.9 percent, with the share rising from 21.6 percent to 26.8 percent; and investment in post and telecommunications totalled 830 million yuan, up 28.8 percent, with the share rising from 9.6 percent to 11.2 percent.

Construction of key projects was accelerated. State enterprises invested 2.06 billion yuan in 67 key construction and technical transformation projects, overfulfilling the annual plan. A total of 999 capital construction projects were completed and put into operation. They include the first phase of the Donglei Chouhuang irrigation project, the brocade curtain production line of Shaanxi 9th Cotton Mill, the expansion project of the Baoji Medical Glass Plant, the second phase of the Shaanxi Color Kinescope Factory project, the Xianyang Deflection Coil Plant, and the Shaanxi Compound Fertilizer Plant. A total of 769 enterprises underwent technical transformation. The newly increased production capacity of state enterprises includes: 150,000 tons of mined iron ore, 340,000 tons of sintered iron ore, 130,000 tons of coke, 1.17 million tons of mined coal, 150,000 tons of washed coal, 180,000 tons of petroleum, 500,000 tons of oil, 48,000 tons of synthetic ammonia, 79,000 tons of chemical fertilizer (in terms of 100 percent active ingredients), 2.86 billion kWh of power generation, 290,000 tons of cement, 4,443 tons of chemical fibers, 600,000 mu of effective irrigation, 5,600 automatic telephone switchboards, 2,297 lines of long-distance telephone terminals, and 116 km of highways, which include the 24-km Xian-Lintong freeway. This ends the period of Shaanxi having no freeways.

Better achievements were attained in investment returns. The rate of fixed assets made available to users rose from 63 percent in 1989 to 90.6 percent. The rate of construction projects entering operation and the completion rate of houses increased by 1.7 percent and 2.7 percent respectively.

The gross output value of the state-owned building industry equalled 2.92 billion yuan, an increase of 19.4 percent over 1989. Per-capita productivity was 12,901 yuan, an increase of 17.4 percent. However, construction costs rose, and the number of deficit enterprises, and the size of their deficits, increased.

New progress was made in geological survey work. A total of 18 industrial mines were discovered and verified. The discovery of 11 minerals has increased reserves. Last year 167,000 meters of tunnel were dug and 181 various types of geological reports were submitted.

### IV. Transportation, Post, Telecommunications

Transportation developed steadily, the strain in passenger and cargo transport eased somewhat, and transport orders took a better turn. The volume of goods transported increased over the previous year. With the increase in transport capacity, water and air transport developed rapidly.

Volumes of cargo handled by various means of transportation were as follows:

Goods transported/ Type of transport	1990	Percentage increase over 1989
Volume of cargo	46.055 billion ton-km	1.6
By rail	38.803 billion ton-km	3.8
By highway	7.206 billion ton-km	-7.0
By water	19 million ton-km	-28.9
By air	27 million ton-km	22.4
Volume of passengers	20.82 billion person-km	-4.4
By rail	12.137 billion person-km	-14.9
By highway	7.234 billion person-km	11.8
By water	11 million person-km	24.0
By air	1.438 billion person-km	38.5

Incomes from highways, waterways, and air transport increased remarkably. Thanks to readjustment of transport charges, incomes from railway transport increased by 35.6 percent over the previous year. However, costs rose 8.3 percent, profits dropped by 24.4 percent, and economic efficiency remained low.

Post and telecommunications continued to develop. Business transactions throughout the province in 1990

totalled 170 million yuan, an increase of 21.2 percent over the previous year. Telex, long-distance telephone, rural telephone subscribers, express delivery, and other businesses all increased by over 25 percent. Dialling telephone sets accounted for 82.5 percent of the urban area's total capacity. Profits increased by 33.9 percent over the previous year, bringing an end to an imbalance in the volume of post and telecommunications, incomes, and profits.

#### V. Domestic Trade, Supply, Marketing

Sales on the domestic market gradually recovered in 1990. The value of annual retail sales totalled 18.44 billion yuan, an increase of 4.4 percent over 1989. Sales of consumer goods totalled 15.96 billion yuan, an increase of 3.9 percent. Of this, sales to social groups totalled 2.03 billion yuan, up 5.3 percent; and sales of the means of farm production reached 2.48 billion yuan, up 7.6 percent.

Looking at the urban and rural markets for consumer goods, retail sales in urban areas totalled 9.12 billion yuan, up 7.6 percent. Progress toward recovery in markets at and below the county level was rather slow, with retail sales totaling 6.85 billion yuan, a drop of 0.6 percent.

Structural changes in commodity sales remained the same as in the previous year. Compared with the previous year, sales of food, garments, and fuel rose slightly, while those of daily necessities continued to drop. Viewed from the sales of major commodities, sales of food, edible oils, pork, fresh eggs, and aquatic products rose, while those of cotton cloth, cotton, synthetic fabrics, synthetic fibers, wrist watches, recorders, and washing machines dropped sharply.

The proportion of retail sales of different economic sectors changed somewhat. Retail sales by state-owned units totalled 7.95 billion yuan, and their share of total retail sales increased from 42.8 percent in 1989 to 43.1 percent in 1990. Sales by collectively owned units reached 6.39 billion yuan, with their share from 37.6 percent to 34.6 percent. Sales by joint cooperative units totalled 20 million yuan, with their share dropping from 1.5 percent to 1.1 percent. Sales by individual businessmen totalled 2.47 billion yuan, with their share increasing from 11.2 percent to 13.4 percent. Retail sales by farmers to nonagricultural residents totalled 1.612 billion yuan, with their share increasing from 6.9 percent to 7.8 percent.

The economic efficiency of commercial departments dropped drastically. In 1990, profits of state-owned commercial units and supply and marketing cooperatives dropped sharply compared with 1989. Deficits of commercial enterprises totalled 820 million yuan, a rise of 11.1 percent, and the pace of capital turnover was slower.

The market for the means of production began to rise in September. Sales of the means of production by the

province's material supply departments in 1990 totalled 3.98 billion yuan, an increase of 0.15 percent over 1989. Of this, the figure for the fourth quarter rose by 16 percent. Sales of rolled steel totalled 698,000 tons, up 9.3 percent; coal sales totalled 4.75 million tons, up 11 percent; timber sales totalled 669,000 cubic meters, down 9 percent; cement sales totalled 765,000 tons, up 2.6 percent; trucks sales totalled 8,353, down 12.5 percent; and sales of electromechanical equipment totalled 650 million yuan, down 8.4 percent.

Retail prices continued to rise in 1990, but the pace of rises slowed down. Retail prices rose by 1.6 percent over 1989's prices, but the rate of the rise was 17.2 percentage points lower than in the previous year. Changes in retail prices had the following characteristics: food prices remained stable; there were both rises and falls in the prices of garments, daily necessities, and fuel; prices for farm and byproducts at country fairs dropped; and service charges rose 18.1 percent. Although attention was focused on readjusting the prices of some commodities and service charges, it did not affect the price level.

Prices for the cost of living of both urban and rural inhabitants increased by 2.4 percent over the previous year.

Changes in the prices of various commodities and services were as follows:

Commodity	Percentage increase over 1989	December's increase over same period last year
Food	1.0	7.1
Grain	-4.9	-2.8
Meat, poultry, eggs	-2.6	2.1
Pork	-10.2	-1.1
Vegetables	8.2	44.1
Aquatic products	0.0	9.5
Cigarettes, liquor, tea	-2.5	0.3
Pastries	11.9	9.3
Garments	9.6	7.4
Daily necessities	-1.7	2.3
Medicines, medical equipment	3.2	0.1
Fuel	10.0	27.7
Means of production for farming	3.9	1.0
Services	14.0	18.1

#### VI. Foreign Trade, Tourism

Exports continued to increase. The volume of foreign trade totalled \$580 million, an increase of 8.6 percent over 1989. Of this, the volume of exports totalled \$460 million, up 20.3 percent. The export product mix improved somewhat, and the proportion of industrial, mining, and finished products increased. Of this, exports

of electromechanical products totalled \$120 million, an increase of 32.9 percent over the previous year.

Steady progress was made in the use of foreign capital, and the structure of foreign investment was rational in 1990. In the year, the province signed 24 agreements on the use of foreign capital, an increase of 4.3 percent. The use of \$11 million of foreign capital was under discussion, and the actual use of foreign investment totalled \$42 million.

Tourism developed further. In 1990, Shaanxi received 259,000 overseas Chinese, Hong Kong, Macao, and Taiwan compatriots, and foreign tourists who came for travel, visits, or other activities, an increase of 22.1 percent over 1989. Of this, the number of Taiwan compatriots increased 56.1 percent, and the number of foreign tourists rose 11.6 percent. Shaanxi earned 198 million yuan (foreign exchange) from tourism, up 39.2 percent from the previous year.

## VII. Science, Technology

Great achievements were made in science and technology. In 1990, Shaanxi turned out 474 major scientific and technological achievements in 13 categories, including agriculture, forestry, public health, electromechanics, applied science, and basic science. This was an increase of 17 percent over 1989. Of these, 20 were international innovations, up 33.3 percent; 34 reached advanced world standards, up 6.3 percent; 90 were national innovations; and 328 reached advanced domestic standards. A total of 29 scientific and technological achievements won state scientific and technological progress awards, 9 won state innovation and exhibition awards, and 117 won provincial scientific and technological progress awards.

Large and medium industrial enterprises in Shaanxi established 276 technological development organizations in 1990, four less than in the previous year. These organizations were engaged in 1,323 technological development items, 70 more than in 1989.

There were 58 centers for controlling product quality, 14 of which were state-level centers by year's end. During the year, Shaanxi laid down 78 province-level standards. By the end of 1990, 54 of Shaanxi's meteorological stations established weather alarm systems. There were 15 seismic stations and 231 mass observation centers. During the year, the surveying departments drew 6,993 maps of various scales and published 45 different kinds of maps.

Patents developed rapidly. In 1990, a total of 994 applications for patents were submitted, an increase of 29.9 percent over the previous year. The figure indicated a 11.2-percent rise in applications submitted by industrial and mining enterprises. A total of 631 patents were approved, 33.1 percent more than in 1989.

All kinds of state-owned units in Shaanxi had 757,000 professional and technological personnel by the end of

1990, including 383,000 natural scientific and technological personnel. These were increases of 2 percent and 2.7 percent respectively over 1989. Mass scientific and technological activities also developed. There were 157 scientific associations established by factories and mines and these had some 42,000 members.

## VIII. Education, Culture

To meet the needs of better education quality, the development of ordinary higher education was brought under control. In 1990, institutions of higher learning enrolled 1,797 postgraduates, 4.6 percent more than in the previous year. The number of postgraduates in universities and colleges totalled 5,716, a drop of 8.2 percent. Institutions of higher learning enrolled 26,000 students, an increase of 1 percent over 1989, and had a student body of 95,000, a drop of 3.3 percent from 1989.

Secondary technical and vocational schools developed steadily. They had 180,000 students, an increase of 6.4 percent, accounting for 38.1 percent of the 472,000 students in senior middle schools. Compulsory education developed further. By 1990, 33.4 percent of townships had implemented six-year compulsory education. Junior middle schools had 1.034 million students, and primary schools had 3.538 million pupils. The attendance rate for school-age children reached 98.05 percent, a slight drop from the previous year. The rate for primary school pupils promoted to middle schools reached 86.4 percent, an increase of 2.9 percentage points over the previous year. A total of 86 counties passed the inspection test for popularizing primary education.

Progress was made in adult education. Adult universities and colleges enrolled 17,000 students in 1990, and had a student body of 59,000, a drop of 9.3 percent from the previous year. Adult secondary technical schools had a student body of 31,000, an increase of 7.6 percent; adult technical training schools had 397,000 students, up 100 percent; and ordinary adult schools had 624,000 students, up 17.8 percent. Marked results were achieved in wiping out illiteracy and 295,000 illiterate people became literate. In 1990, Shaanxi's cultural and art troupes won 161 awards at national and international events. By the end of 1990, there were 119 performing art troupes, 113 cultural centers, 113 public libraries, 53 museums, 137 archives, nine broadcasting stations, 12 medium- and short-wave radio transmitting and relay stations, 10 television stations, 17 television transmitting and relay stations with capacities of more than 1,000 watts, and 4,697 cinemas and film projection units. Last year Shaanxi produced 189 new films (feature films), winning 15 national and foreign awards. The film "Childhood in Ruijin" produced by the Xian Film Studio won the "bud award" at the first national children film festival. Some 331,730,000 copies of provincial, prefectural, and county newspapers, 22,055,000 copies of magazines and periodicals, and 149,616,000 copies of books were published last year.

## **IX. Public Health, Sports**

Public health undertakings continued to develop and medical conditions improved further. The number of hospital beds in Shaanxi reached 78,000 at the end of 1990, an increase of 4.4 percent over the previous year. Professional health workers numbered 118,000, up 1.6 percent from 1989. The total included 59,000 doctors, a 1.3-percent increase; and 27,000 nurses, up 3.3 percent.

New breakthroughs were made in sports. Shaanxi's professional and amateur athletes captured 79 championships at domestic and international tournaments. Two athletes surpassed world records on two occasions, two broke Asian records on two occasions, and 58 broke 61 provincial records on 85 occasions. At the 11th Asian Games, Shaanxi's athletes went all out, winning five gold, four silver, and one bronze medals. In terms of the number of athletes involved, the number of events participated in, and the number of medals won, Shaanxi scored the best achievements compared with all previous Asian Games. During the year, a total of 1.457 million people reached the state's physical training standards. The province sponsored 1,332 games at or above the county level, with 378,000 athletes participating.

## **X. People's Living Standards**

Consumption demand in both urban and rural areas rose somewhat. A sample survey of urban employees' families showed an average annual per-capita net income of 1,264.9 yuan for living expenses, which was an increase of 10.2 percent, or a real increase of 7.4 percent after allowing for inflation. The annual per-capita net income of farmers was 459.7 yuan, a 6-percent increase, or a real increase of 3.3 percent allowing for inflation. Because of the uneven development of localities, real incomes of some inhabitants dropped somewhat.

Urban employment continued to rise. Jobs were offered to 149,000 people in 1990. Shaanxi had 3,792,000 employees by the end of the year, 58,000 more than in 1989. Of them, 3,107,000 were employed by state-owned units, up 6.3 percent; and 675,000 were employed by collectively owned units, down 0.7 percent. Of those employed by state-owned units, there were 418,000 contract workers, up 62,000. There were 167,000 self-employed workers in cities and towns at the end of the year, 5,000 less than in 1989. The province's wage-bill in 1990 totalled 7.61 billion yuan, an increase of 11.7 percent. The average annual cash wage for employees was 2,042 yuan, up 10 percent, or a real increase of 7.2 percent after allowing for inflation.

Urban and rural savings deposits increased by a wide margin. By the end of 1990, individuals' bank savings totalled 20.46 billion yuan, up 36.3 percent, or 5.43 billion yuan more than at the end of 1989.

Housing improved for both urban and rural dwellers. In urban areas, 32.55 billion square meters of housing space were built in 1990, and 193.63 billion square meters were built in the countryside.

Social welfare and social insurance undertakings continued to develop. Social welfare establishments in Shaanxi had 15,000 beds, providing for 12,000 people. A total of 569,000 people in the cities and countryside received state relief. Around 10.3 percent of Shaanxi's townships established rural social insurance networks. With 1,645 social service establishments, social service networks also developed rapidly in urban areas. The various kinds of property under insurance coverage totalled 58.44 billion yuan, an increase of 4.2 percent over 1989. A total of 11,000 enterprises joined the enterprise property insurance program, 3,033 million families joined the household property insurance program, and 8.187 million individuals joined the personal insurance program. The province handled 41,800 domestic property insurance cases and paid 89.15 million yuan in compensation, and 58.97 million yuan personal insurance to 532,000 people.

## **XI. Population**

Shaanxi's birth rate in 1990 was 23.48 permillage, the mortality rate was 6.52 permillage, and the natural growth rate stood at 16.96 permillage. By the end of 1990, Shaanxi had 33.16 million people.

### **Notes**

1. All figures given in this communiqué, except for the gross national product and national income, are annual statistical figures.
2. The gross output value figures listed in this communiqué are calculated in terms of 1990 prices, and the rate of growth is calculated in accordance with comparable prices.
3. Peasants' annual per-capita income was 459.7 yuan in 1990. Prices of farm products produced and used by peasants were calculated in terms of original state-list prices, comparable to past figures. If calculated according to overall contract prices, peasants' average net income should be 530.3 yuan.

### Outline of Xinjiang 10-Year Program

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[Article: "Outline for the 10-Year Program and Five-Year Plan for the Economic and Social Development of the Xinjiang Uygur Autonomous Region"; adopted at the fourth session of the Seventh Xinjiang Uygur Autonomous Regional People's Congress on 23 May 1991]

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##### Preface

The last decade of this century will be a new stage for further improving socialist modernization in Xinjiang. It will be a crucial period for invigorating the economy of the 21st century and for laying a foundation for social progress. It is of great importance to correctly formulate and carry out the outline of the 10-Year Program (1991-2000) and the Five-Year Plan (1991-1995) for regional economic and social development, in accordance with the state's general planning for national economic and social development in the next 10 years and the Eighth Five-Year Plan and with the "suggestions concerning formulating the 10-Year Program and the Eighth Five-Year Plan for regional economic and social development in Xinjiang" provided by the party committee of the autonomous region.

Since the third session of the 11th CPC Central Committee [CPCCC], the people of all nationalities in the autonomous region have carried out, under the leadership of the party committee of the autonomous region, the party's basic line as well as various principles and policies of building socialism with Chinese characteristics, have comprehensively created a new situation of socialist modernization, have successfully accomplished the Sixth and Seventh Five-Year Plans, have achieved great results in all aspects of socialist construction, and have basically realized sustained, stable, and coordinated development of regional economy. In the past decade, the regional GNP, the industrial and agricultural output, and the people's income increased by more than 100 percent; financial income increased by more than 300 percent; and there was a marked increase in overall economic strength. Agriculture and animal husbandry enjoyed bumper harvests for 13 years in a row. Agricultural and livestock products increased by a great margin. Per capita shares of grain, cotton, edible oil, and live-stock have been ranked in the forefront of the country. Great progress has been made in modern industry, with major industries scoring a fair increase in their production amount and ability. Key constructions have made headway, while improving infrastructure. Many key projects in the fields of water conservancy, energy, transportation, and telecommunications have been

accomplished and put into use. Urban markets have become prosperous. There has been a stable increase in financial incomes. Marked results have been achieved in key scientific and technological projects, in the program of helping the poor through relying on scientific and technological progress, in the "Spark Program," and in software scientific research. Educational undertakings have enjoyed rapid progress—an educational system with multilevel, multiform, and multicategory has been initially formed. All undertakings including culture, public health, sports, press, publication, radio, television broadcasting, movies, and social security have made new achievements. Based on these developments, urban and rural people have enjoyed a marked increase in their income and consumption levels. Most poverty-stricken households have solved the problems of food and clothes, while some townships and villages with better economic progress have begun to move toward the stage of having a relatively comfortable life. We have taken relatively big strides forward in our implementation of reform and the open policy. Reform has steadily spread from rural areas to urban areas, initially changed the setup of systems that restrict the expansion of productive forces, and promoted development of the planned commodity economy. We have made comparatively great progress in foreign trade as well as in economic and technological cooperation and in exchanges with foreign countries; we have gradually strengthened the building of socialist spiritual civilization; and we have continued to develop and consolidate political stability and unity. These 10 years constitute one of the historical periods in which the autonomous region enjoyed its best political and economic conditions since its establishment. We have achieved the first-step strategic objective of socialist modernization in our region put forward by the Second (Enlarged) Plenary Session of the Third Autonomous Regional Party Committee. All this has served to lay a comparatively solid foundation for the economic and social development of our region in the 1990s.

While major achievements were being scored in our efforts to promote economic and social development, some new contradictions and problems also cropped up in the economic sphere. They were mainly the phenomenon of "promoting the building of material civilization to the neglect of the need for promoting the building of spiritual civilization" which existed for a while as a result of our failure to attach due importance to ideological and political education; the emergence of fluctuations with drastic increases in commodity prices for two years in a row in our economic development; slow progress in readjusting the production structure and poor economic returns; inflexibility in our implementation of the open policy and lack of attractiveness in our investment environment; slow development of the commodity economy in rural areas and disproportionate development between the township enterprises and the national economy; and shortage of funds with the county-level departments, in particular, encountering extremely great financial difficulties.

Our region has achieved markedly successful results from the campaign to improve the economic environment and rectify the economic order which was launched in accordance with the plan drawn up by the Central Committee of the party and the State Council since the Fourth Plenary Session of the 13th CPC Central Committee. Both investment and consumption needs were curbed, effective supply was increased, inflation was brought under control, the order of circulation was noticeably improved, the market prospered, commodity price hikes dropped by a wide margin, bumper agricultural harvests were reaped in 1990, industrial production surmounted various difficulties to achieve an appropriate growth rate, and the entire economy enjoyed development on a course beneficial to us. However, some problems existing in the deep strata of economic development will still require us to make continued efforts for a certain period of time to find solutions for them step by step.

Xinjiang faces numerous favorable conditions and opportunities in its economic construction in the 1990's. All nationalities in Xinjiang unite together closely, live and work in peace and contentment, and create a stable social environment for development and construction. The common will of the people of all nationalities "desiring stability and unity, looking forward to development, and endeavoring to achieve prosperity and powerfulness" has rallied tremendous forces in promoting economic development in Xinjiang. The guiding principle of "stabilizing regions in the east while promoting development of regions in the west" adopted by the state, and the efforts it has concentrated on stepping up exploitation of the oil and gas resources at regions in the west with Tarim as the focal point, will promote development of related industries throughout Xinjiang and especially in southern Xinjiang and accelerate economic development in Xinjiang. The opening to traffic of the second Europe-Asia transcontinental bridge will create favorable conditions for our region to open its door wider to the outside world. The readjustment of the industrial policy and the setup of the productive forces made by the state to vigorously develop agriculture as well as the energy, communications, and raw and semi-finished materials industries will be helpful for our region to accelerate the process of turning the advantageous potential resources into realistic favorable economic conditions. However, a weak economic foundation, backwardness in the development of communications, exploration of resources by crude methods and equipment, a vulnerable ecological environment, the increased difficulty confronting our efforts to bring population under control, shortage of funds, and inadequacy of qualified personnel will still continue to restrict economic development in our region.

In drawing up the outline for the 10-Year Program and the Eighth Five-Year Plan for our region, we have taken stock of the situation at home and in neighboring countries, analyzed the current economic situation in our region as well as its trend of development, and taken into

consideration not only the good foundation as well as the various favorable conditions and opportunities already in our possession, but also the problems and difficulties confronting us, in order to leave some margin in the outline while making it enterprising and aggressive at the same time.

This outline is to primarily formulate basic guiding principles, major tasks, and objectives of economic and social development; developmental policies and tasks of the major economic departments; and major policies and measures. Under its requirements, various prefectures and departments should make further specifications according to their actual conditions. As there are many uncertain factors during its implementation in the next five and 10 years, this outline will undergo necessary readjustment and enrichment according to actual changes in circumstances. Specific programs for implementation will be confirmed in the annual plans.

## I. Basic Guiding Principles, Objectives, and Major Tasks

### 1. Basic Guiding Principles

In the next decade and during the Eighth Five-Year Plan, the basic guiding principles for Xinjiang's economic and social development are as follows: Unwaveringly persist in implementing the party's basic line that "regards economic development as a focus, upholds the four cardinal principles, and persists in reform and opening up to the outside world." We should persistently pursue the road of building socialism with Chinese characteristics, with agriculture as the foundation, and utilization of water and soil resources as well as petroleum development as the spearhead. It is necessary to implement the "strategy that transforms advantages in resources to economic benefits" and realize economic development in a continual, steady, and coordinated manner in accordance with the basic thinking and national industrial policy that deepens reform, expands opening up to the outside world, relies on science and technology, makes structural readjustment, and pays attention to construction and efficiency.

—Persistently pursue the road of building socialism with Chinese characteristics. The 12 principles for building socialism with Chinese characteristics as summarized in the CPC Central Committee's "proposals" have been the results of a combination of Marxism and China's reality under new historic conditions. Steadfastly implementing these principles will be the fundamental guarantee for Xinjiang to be victorious in its various socialist endeavors.

—Persistently pay attention to stability. It is necessary to further foster unity among the various nationalities; to safeguard unification of the motherland; to firmly oppose bourgeois liberalization, subversive infiltration of national splittism and international reactionary forces; to ensure long-term stability in Xinjiang; and to create a good social environment for economic development.

—Persist in reform and opening up to the outside. It is necessary to steadfastly deepen reform and further expand the opening up process to transform reform and opening up into a forceful propelling force that expedites the development of productive forces and overall social progress in Xinjiang.

—Persistently regard education as the foundation and "develop Xinjiang by science and technology." It is necessary to closely combine science and technology and education with the economy, to promote the transformation of advantages in resources to economic benefits, and to invigorate Xinjiang's economy.

—Persist in combining economic benefits with speed. It is necessary to regard, from beginning to end, increasing economic benefits as a focus of all economic work; to integrate speed with economic benefits; and to enhance an increase and appropriate growth in the overall quality of the national economy.

—Persistently strive for mutual prosperity of the various nationalities. It is necessary to strive to enhance the comprehensive strength of the national economy; to gradually reduce the differentials in the growth rates of economic development between our region and the whole country; to actively support economic development in border, remote, and poor areas; and to pursue the path to mutual prosperity.

—Persist in self-reliance and hard struggle, and undertake all endeavors with diligence and thrift. It is necessary to be self-reliant; to combine self-reliance with asking for the state's support and foreign aid; to publicize the spirit of doing pioneering work with hard struggle, diligence and thrift; to oppose extravagance and waste; to conserve all financial, material, and human resources that can be conserved; and to expedite economic development.

—Persist in combining exploitation of natural resources with environmental protection. In the course of development and construction, we should attach importance to protecting the natural ecology and environment and promoting a good cycle in the development of the ecosystem, and we should strive to realize the unity of economic, social, and ecological benefit.

—Persist in overall planning and common development. We should coordinate all activities in Xinjiang as in a chess game, and in line with unified planning and rational geographical distribution join efforts in developing and building Xinjiang by carrying forward the spirit of unity and coordination among the local authorities, among the Xinjiang Production-Construction Corps, and among central enterprises.

—Persist in simultaneously building material and spiritual civilizations. Vigorous efforts should be made to strengthen the building of a socialist spiritual civilization and to constantly upgrade the ideological, ethical, scientific, technological, and cultural level of the people of all nationalities in order to provide the

spiritual motivating force, ideological guarantee, and intellectual backing for economic construction, reform, and opening to the outside world.

To guarantee that our objectives will be realized by the end of this century and that Xinjiang's modernization drive will develop in the correct direction, we must implement these principles comprehensively.

## 2. Objectives and Major Tasks in the Next Decade

During the next 10 years, while making efforts to upgrade economic efficiency and improve the economic structure, we must strive to realize the second-step strategic objective of developing the autonomous region's economy so that its GNP will increase by the end of this century 6 times over that in 1980, reaching 28 billion yuan (in terms of constant prices in 1980, which applies to the following figures), or an average yearly increase of 7.3 percent over the next 10 years. We will strive to increase Xinjiang's total industrial and agricultural output value to 42 billion yuan: an average annual increase of 7.6 percent over the next decade—this will include an average increase in agricultural output value by 5 percent, and a total increase in industrial output value by 8.9 percent. The people's standard of living will reach a level where people can enjoy a relatively comfortable life. The quality of the national economy as a whole will be upgraded to a new level. Our major tasks are as follows:

—Optimize the industrial structure. Place priority on developing agriculture, livestock breeding, basic industries relating to energy, posts and telecommunications, important raw and semifinished materials, and the infrastructure. Place priority on upgrading, reorganizing, and renovating the processing industries, on steadily developing the construction industry, on vigorously developing the service trades, and on rationalizing the industrial structure.

—While placing utilization of water and land resources and petroleum exploitation at the forefront, we shall strive to build agricultural and animal husbandry (grain, cotton, sugar-bearing crops, livestock breeding) bases of various sizes, petroleum and petrochemical bases, light and textile industry and food processing bases, to gradually build reserve bases for the gold and nonferrous metal industry, salt industry, salt chemical industry, and coal industry. We will thus lay a sound material and technological foundation for all-around economic development in Xinjiang in the 21st century.

—In line with the strategic plan which stresses "reliance on the central part, going south and west, and systematic development on the basis of priority," efforts will be made to rationalize the distribution of productive forces, to improve the structure of regional economies through the construction of important economic zones and points, and to gradually optimize the allocation of natural resources and the organization of essential productive factors.

—Vigorous efforts will be made to develop education, to invigorate Xinjiang through the application of science and technology, and to gradually achieve economic growth by mainly relying on scientific and technological progress and by upgrading the quality of the labor force.

—Fully exploit Xinjiang's advantages in geographical location and natural resources, open wider to the outside world, expand lateral economic associations so as to promote the formation of a new pattern in opening to the outside world.

—Actively push ahead with economic restructuring, and establish an initial economic system and operating mechanism which meets the needs of the development of a planned socialist commodity economy and which combines planning with market regulation.

—While promoting economic construction, it is necessary to constantly improve the living condition of people of various nationalities. In some areas where people are already leading a fairly comfortable life, we will help those people further raise their living standards. In most areas where people basically have enough to eat and wear, we will help those people elevate their living standard to that of a fairly comfortable life. As for the few areas where people are still living in poverty, we will help them improve economic conditions and have enough to eat and wear, and subsequently advance toward leading a fairly comfortable life.

—We should strengthen the building of spiritual civilization, consolidate and develop the political situation of stability and unity, and create a favorable social environment for economic construction, reform and opening to the outside world.

## 3. Objectives and Major Tasks in the Eighth Five-Year Plan

The goals for struggle during the Eighth Five-Year Plan are: On the basis of adjusting the economic structure and raising economic efficiency, we should strive to nearly quadruple the GNP of 1980 by the year of 1995, reaching 19 billion yuan, with an average annual growth of 6.6 percent during the five-year period. The total industrial and agricultural output value should reach 28.5 billion yuan, with an average annual growth of 7.1 percent during the five-year period. People should have more than just enough to eat and wear and should gradually be able to lead a fairly comfortable life. The overall economic strength should be further enhanced.

The basic tasks are:

—We should continue the policy of improving the economic environment and rectifying the economic order. During the first part of the Eighth Five-Year Plan, we should concentrate our efforts on improving the economic environment and rectifying the economic order while promoting economic development.

In the middle and later part of the Eighth Five-Year Plan, we should lay stress on promoting economic development while continuing to solve certain problems in the course of improving the economic environment and rectifying the economic order.

—We should strive to raise economic efficiency. We should speed up the technological transformation of enterprises to improve product quality, increase variety, and raise efficiency. We should promote the reorganization and association of enterprises, strengthen operations and management, raise the quality of enterprises, and make some significant progress in improving the poor situation in economic efficiency.

—We should adjust the production structure. We should consolidate and develop the foundation of agriculture, we should strengthen the building of irrigation facilities, energy sources, communications, important raw material bases, and we should promote the work of geological exploration. We should lay down a good foundation for agricultural and animal husbandry (grain, cotton, sugar and livestock) bases, petroleum and petrochemical bases, light industry and textile industry bases, food industry bases, gold and nonferrous metal industry bases, salt industry bases, and coal industry bases.

—We should strengthen the building of major economic development areas and points, in particular grasping the comprehensive development of Urumqi and Karamay economic development centers. We should increase the accumulation of financial revenue and create favorable conditions for an orderly arrangement of productive forces.

—We should strengthen basic education, improve education at secondary and advanced levels, promote the development of science and technology, and make greater progress in "using science and technology to prosper Xinjiang."

—We should continue to deepen reform. We should center our efforts on invigorating enterprises, especially state-run large and medium-sized enterprises, on promoting enterprises' reasonable operational system, on improving further the existing reform measures, and on actively and steadily promoting various reform measures in the fields of planning, pricing, finance, investment, circulation, housing, and social welfare.

—We should further liberate our thinking, enhance our consciousness of opening to the outside world, more effectively expand the work of opening to the outside world, and strive to make major progress in developing foreign trade, utilizing foreign funds, setting up economic and technological development zones on a trial basis, and establishing lateral economic associations.

—We should strive to promote comprehensive social development and progress, strictly control the population, and appropriately arrange employment for people. On the basis of developing production, we should further improve living standards for all nationalities, particularly making marked improvement in living conditions. Also, we should step up efforts in building spiritual civilization, and in consolidating and developing a stable and united political situation.

The major economic objectives for the Eighth Five-Year period are: By 1995, total agricultural output value should reach 9.3 billion yuan—an average annual increase of 4.7 percent; gross industrial output value should reach 19.2 billion yuan—an average annual increase of 8.4 percent. Energy consumption of every 10,000 yuan of GNP should be brought down from 15 tonnes of standard coal in 1990 to 13 tonnes of standard coal in 1995. Labor productivity of the entire society should increase at an annual rate of 3.5 percent. The total investment in fixed assets of the entire society will be 23 billion yuan. The utility rate of fixed assets in capital construction projects by state-owned enterprises and institutions will reach 75 percent or greater. Rates of profit and tax delivered to the state by local state-owned industrial enterprises which are covered under the state plan will be raised from 10.3 percent in 1990 to 15.1 percent in 1995. The total financial revenue for five years is 13.3 billion yuan—an average annual increase of 8.1 percent. The total financial expenditures (state subsidies included) for five years will be 27.4 billion yuan—an average annual increase of 5 percent. The overall scale of loans and credit will increase at an annual average of 13.3 percent.

## II. Development of Major Economic Sectors

### 1. Agriculture and Rural Economy

Continuously strengthening the agricultural base, implementing the policy of "integration, mutual promotion and comprehensive development of farming, animal husbandry, forestry, sideline production, fishery, and comprehensive operation of industry, commerce, construction, transportation, and services," and vigorously developing the rural economy are the primary tasks of economic and social development over the next ten years and during the Eight Five-Year Plan. When developing agriculture, we should use science and technology to invigorate agriculture, tap internal potential, take the approach of intensive farm operation, comprehensively develop and rationally use water and soil resources, step up work on irrigation projects, concentrate efforts on upgrading farmland, effectively raise the overall agricultural production capability, gradually help build a farm and animal husbandry production system with Xinjiang characteristics; namely, the production of high quality, stable, and high yields of farm and animal husbandry products. We should build a number of large scale farm and animal husbandry (grain, cotton, sugar, livestock) bases. We should readjust further the internal structure of agriculture so as to gradually raise the ratio of the

output value of animal husbandry, forestry, sideline products, and fisheries in the gross agricultural output value. We should vigorously develop township enterprises. We should encourage multiple operations so as to raise the proportion of nonagricultural industry from 13.3 percent in 1990 to 20 percent in 1995 and to 25 percent in 2000.

As for crop cultivation, we should further implement the policy of increasing unit yield, raising quality, increasing gross output, and continuously stressing grain production. After ensuring grain self-sufficiency, we should vigorously develop cotton and beet production in order to raise the ratio of the sown area of cash crops in all sown areas from 25 percent in 1990, to 30 percent in 1995, and to 33 percent in 2000. The annual output of grain, cotton, and beets in 1995 should reach 7.25 million tonnes, 600,000 tonnes, and 3 million tonnes, respectively; and 8 million tonnes, 750,000 tonnes, and 5 million tonnes, respectively, in 2000. At the same time, fruit and silkworm production should be developed in line with local conditions. We should do a good job in building commodity bases. On the basis of consolidating and developing grain and cotton bases that are now in existence in many counties, we should do a good job in developing grain and cotton bases which were newly set up in 11 counties. We should also step up the building of beet bases in sugar production zones.

As for animal husbandry, we should implement the policy of giving priority to developing animal husbandry on grass land and of giving equal attention to animal husbandry in pasture, farm zones, and in city suburbs. Since grass is important for developing animal husbandry, we should step up work on grass cultivation project and accelerate building grass and fodder bases as well as sheds for livestock. We will strive to provide, in 10 years time, each head of livestock with 0.5 mu of man-made grass land, 1 mu of improved grass land, 250 kilograms of reserve grass and 20 kilograms of fodder per each head of livestock during winter and spring, and to solve the problem of helping livestock survive winter and spring seasons. We should solve in a planned way the problem of supplying drinking water for both people and livestock on grass ranches which face water shortages. We should also accelerate the pace of making herdsmen live a permanent or semi-settled life. By 1995, 50 percent of all herdsmen should live a permanent or semi-settled life, and by the end of this century, most herdsmen should live a permanent or semi-settled life. We should vigorously develop grass cultivation in agriculture zones. The ratio of sown area of lucerne in all sown areas should be raised from 5.4 percent in 1990, to 8.3 percent in 1995, and to 15 percent in 2000. We should place priority on developing meat and wool production and on expanding the commodity production of animal husbandry products. We will strive to have 37 million head of slaughtered livestock, 350,000 tonnes of total meat production, and 60,000 tonnes of sheep wool production at year's end 1995; and by 2000, 40 million head of slaughtered livestock, 450,000 tonnes of total meat production, 74,000 tonnes of sheep wool production for one

year. We should do a good job at the mutton production base in Altay, at beef and fine wool bases in Ili and on the north slope of Tianshan, at cashmere and lambskin production bases on the southern slope of Tianshan, at the short wool production base on the northern slope of Kunlunshan, and at construction of the Shihezhi hog breeding base in Changji.

In forestry we should adhere to the principle of "resolute protection, active development, and rational utilization of forest resources," and the earnest implementation of "forestry law." Trees should be cultivated and forest resources protected. Vigorous efforts should be made to develop shelter forest, economic forest, timber forest, and fuel forest. We should also make efforts to restore and transform trees in arid areas. Quotas on forest logging should be strictly observed and illegal logging should be strictly banned. We have a plan to plant some 505,000 hectares of man-made forests in the next ten years, 253,000 hectares of which will be planted during the Eighth Five-Year Plan. In ten year's time, 45 counties in Xinjiang will have become green counties and the forest coverage rate in Xinjiang will rise from 1.24 percent to 1.68 percent.

In aquaculture we should fully utilize existing water areas, make efforts to raise per unit yield, and step up construction of fishery bases near big and medium-sized cities. We will strive to attain the goal of reaching the production of 40,000 tonnes of aquaculture products by 1995 and 60,000 tonnes in 2000.

In developing village and town enterprises, we should continue to implement the policy of "offering positive assistance, making reasonable plans, providing correct guidance, and strengthening management." We should take advantage of locally available resources and direct production to the needs of domestic and foreign markets. We should stress developing light, textile and food industries which use raw materials from agricultural and livestock production, mining and construction work, and service industry which serve the entire process of agricultural and livestock production. Village and town enterprises should be gradually turned into an important pillar industry in the rural economy. We should formulate a new rural economy pattern with cooperated development of agriculture and industry, in which agriculture and industry complement and integrate with each other. The total output value of village and town enterprises should reach more than 15 percent of the total industrial and agricultural output value in 1995, and reach more than 18 percent by the end of this century.

The development of agriculture and rural economy depends mainly on good policy, science, and investment. We must continue to deepen reform in rural areas, adhere to the party's various policies for rural and pastoral areas, and maintain stability and continuity of those policies. We should stabilize and further improve the responsibility system with the household contract linking output to payment as the main form, further improve the dual management system in rural areas

whereby unified management is combined with separate management, establish and perfect the socialized service system, and gradually strengthen the collective economy. Where conditions permit, efforts can be made to expand farming on a proper scale. We should vigorously promote agriculture by applying scientific and technological achievements, continue to expand the system of signing contracts with scientific and technological units, and spread effective scientific and technological achievements. We should strengthen the building of extension stations at "three levels" to disseminate scientific and technological knowledge and hold technical training classes for peasants and herdsmen in order to raise the quality of peasants and herdsmen. We should actively promote agricultural mechanization and use machinery in producing grain, cotton and sugar beet, harvesting forage grass, processing of fodder, cutting wool, and manufacturing dairy products. We should promote intensive operations and raise the level of modernization in agricultural and livestock production. We should maintain continuity and stability of policies for developing village and town enterprises, and constantly improve various preferential policies for promoting village and town enterprises. We should continue to support village and town enterprises with necessary funds and materials. We should vigorously promote lateral economic cooperation, and introduce capable people, technology and funds from other localities. In particular, state-run large and medium-sized enterprises should actively lead the development of village and town enterprises. We should continue to implement the policy of giving full play to science and technology and encourage scientific and technological personnel in cities to go to the countryside to contract the operation of village and town enterprises. We should make efforts to raise quality, managerial levels, and efficiency of village and town enterprises. We should mobilize all sectors to increase investment in agricultural and livestock production, properly use funds for developing agriculture, concentrate efforts to accomplish a number of major projects, and constantly improve conditions for agricultural production. We should activate the circulation of agricultural commodities, and promote the building of facilities for storing, transporting, and processing agricultural products. We should further strengthen the management system for agricultural products and means of agricultural production, improve circulation channels, effectively help peasants and herdsmen solve their difficulties in buying necessary things and selling their products in order to protect their enthusiasm for production. We should also seriously study and formulate related policies to lessen the burden of peasants and herdsmen.

## 2. Development of Water and Soil Resources

During the next 10 years and the Eighth Five-Year Plan, we should persist in "combining the effort to increase water supply and the effort to conserve water with emphasis on the latter and combining the work of transforming medium- and low-yield fields, and the work of land reclamation with emphasis on the former."

We should focus our attention on solving the problem of uneven water resources in different seasons—insufficient water in spring and floods in summer—and on increasing water supply to meet industrial and urban needs. We should proceed, in a planned way, with the comprehensive development and exploitation of our water and land resources with the construction of water conservancy projects as the central task. We should use our water and land resources to guarantee the development of industry and agriculture, the building of commercial bases, the promotion of urban and rural construction, the improvement of the ecological environment, and the raising of the people's living standards.

We should devote great efforts to farmland and water conservancy capital construction, strive to improve the conditions for farm and livestock production, and boost the capabilities of continued development of agriculture and animal husbandry. The 10-year program calls for the transformation of 10 million mu of medium- and low-yield fields and the reclamation of 8 million mu of land. By the year 2000, our crop land should reach 50 million mu, and the acreage under irrigation 67 million mu. During the Eighth Five-Year Plan, we should transform 5 million mu of medium- and low-yield fields, reclaim 4 million mu of land, and complete enough water conservancy projects to meet the needs of 3 million people and 6 million head of livestock in farming and pastoral areas. By 1995, our cropland should reach 48 million mu, and acreage under irrigation should reach 61 million mu. In water and land resource development, emphasis should be put on developing eight projects involving Yarkant He, Weigan He, Kaidu and Konqi He, the Hetan He Valley, the Ili area, the middle and lower reaches of Ertix He, Taer Pendi, and Akto County. Stress should also be put on the first-phase work of the Tarim agricultural irrigation, drainage, and ecological protection project; the Heizier Reservoir; the Wuluwati Key Water Conservancy Project; the Ahu Reservoir; the Kalangguer Reservoir; and the water resource projects in Yanqi, Kuqa, Xayar, and Xinhe.

To comprehensively develop and reasonably exploit water and land resources, we should exercise good planning to improve river valleys. While putting the present water conservancy facilities to full use, we should build a number of backbone projects in a planned way to increase the water regulation and storage capacities in line with the principle of "building water-regulating reservoirs, water diversion projects, seepage-proof water channels, terraced power stations, vertical wells, and five-goods construction projects while improving the ecological environment." Continued efforts should be made to strengthen irrigation management, implement water conservation measures, and raise the effective utilization rate of water resources. We should use both engineering measures and biological methods to transform medium- and low-yield fields and increase the soil productive force, including such measures as water drainage to remove soil alkalinity, rotation of crops and

fodder grass, afforestation, increased use of fertilizer, cultivation of soil fertility, and improvement of farming methods. In addition, we should persist in using laws to ensure proper management of water and land resources, continue to improve and stabilize the preferential policies on water and land resource development, actively absorb foreign investment, conduct lateral economic cooperation with other localities in the country, and increase the input of funds and labor through diversified channels in developing water and land resources. We should seriously carry out the principle that benefits go to those who transform the land and develop the resources so as to arouse the enthusiasm of the broad masses of peasants to make investment in exploiting water and land resources.

### 3. Petroleum and the Petrochemical Industry

During the next 10 years and the period of the Eighth Five-Year Plan, we should take the exploration of petroleum resources as the leading task, make positive efforts to develop the petroleum and petrochemical industries, and use these two industries to promote the development of related industries. The prospecting for and exploitation of petroleum and natural gas should keep to the principle of "relying on the petroleum industry as a main force, obtaining support from society, making overall planning, and achieving all-around development." We should stabilize the output of existing oilfields, build new ones, strive to increase the production of both oil and natural gas, improve the present oil refinery system, develop petrochemical industry, and boost the capabilities of sustained development of the petroleum and petrochemical industries.

This paragraph deals with exploration of oil and natural gas resources. It is necessary to speed up exploration in Tarim, deepen exploration in Junggar, and expand exploration in Turpan-Hami Pendi while paying attention to conducting explorations in several other small basins. In Tarim Pendi we shall focus on explorations of the swell areas north of Tarim Pendi, the tectonic No. 1 in the central part of Tarim Pendi, and the anticline in the southwest part of Tarim Pendi; in Turpan-Hami Pendi we shall focus on integral dissection of the arc structural zone in Shanshan County and on explorations of the favorable structural zones at the local areas of Qitaike, Toksun Xian, and Huoyanshan and the Hami Hollow; and in Junggar Pendi we shall focus on achieving a breakthrough in explorations in its hinterland, deepening explorations in its northwest rim, expanding explorations in the east, accelerating explorations in the southern rim, and we shall pay attention to conducting explorations in the small basins of Ili and Chaigoubu. Xinjiang will add proven oil reserves of 1.5 billion tonnes during the period of the Eighth Five-Year Plan and 2 billion tonnes during the period of the Ninth Five-Year Plan.

This paragraph deals with opening up oil and natural gas fields. The plan for opening up oil and natural gas fields will be drawn up in the following three phases during the

period of the Eighth Five-Year Plan. First, we will work successfully in readjusting and expanding the Karamay Oil Field, take comprehensive measures to tap potentials, take full advantage of the proven low-yield and low-osmosis oil reserves which have not yet been used to give play to the favorable thick oil resources, and extend the steady-output period as best we can. Second, we are going to selectively open up oil and natural gas fields in the northwest and southern rims of Junggar Pendi and in eastern areas newly found containing oil reserves, and maintain a steady output of crude oil in north Xinjiang. Third, we are going to conduct intermediate experiments with opening up new oil and natural gas fields in Tarim and Turpan in order to form a certain scale of production capacity and lay a sound foundation for large-scale development during the period of the Ninth Five-Year Plan. We are going to build facilities capable of producing 15 million tonnes of crude oil during the period of the Eighth Five-Year Plan in order to achieve a production capacity of 15 million tonnes of crude oil in 1995. We'll step up our efforts to phase out the old oil fields and carry out construction for opening up new oil fields in an all-around way during the period of the Ninth Five-Year Plan in order to achieve a production capacity of 28 million tonnes of crude oil. We plan to produce 30 million tonnes of crude oil in the year 2000.

This paragraph deals with petroleum processing and the petrochemical industry. With regard to crude oil processing, while the autonomous region strives to work successfully in carrying out technical transformation of the existing oil refineries in northern Xinjiang, in intensifying processing, and in increasing the ratio of multiple utilization and improving economic returns, it is scheduled to build the Korla Chemical Oil Refinery, which is designed with an annual capacity of 2.5 million tonnes of fuel, to lay a foundation for promoting development of the petrochemical industry in our region. Meanwhile, in line with the progress made in our implementation of the expansion project of the oil field in the southwest part of Tarim Pendi, the autonomous region will expand the annual production capacity of the Zepu Petrochemical Plant to 300,000 tonnes. The autonomous region aims at achieving the capacity of refining 8.65 million tonnes of crude oil in 1995 and 10.30 million tonnes of crude oil in the year 2000.

An overall plan must be drawn up for the petrochemical industry, in accordance with the development of oil and natural gas fields and petroleum processing. Synchronous implementation of overall planning is necessary. Rational arrangements must be made for the production setup and product mix to bring about a coordinated development of the industries engaged in both the primary and final stages of exploration and production of oil and natural gas resources. We plan to concentrate efforts on working successfully in construction of the polyester project of the Urumqi Petrochemical Plant and the Dushanzi Ethylene Project, taking vigorous steps to draw up a program for utilization of natural gas supplied by the oil fields in Tarim Pendi and Turpan-Hami

Pendi, and carrying out construction of the natural gas electric power plant project and the 300,000-tonne synthetic ammonia project in the northern part of Tarim Pendi as well as the Shanshan-Urumqi natural gas pipeline project during the period of the Eighth Five-Year Plan. We plan to proceed with construction of the 300,000-tonne synthetic ammonia project and the project for multiple utilization of light hydrocarbon of the Xinjiang Chemical Fertilizers Plant, construction of a petrochemical production center at the Yituokuerle Oil Refinery, and development of petrochemical products such as ethylene, polyester, acrylic fiber, and polyamide fiber in order to lay a sound foundation for gradual establishment of a system of the Xinjiang petrochemical industry that is integrated with development of oil and natural gas fields, and forms a complete set of production facilities with the factories of the enterprises that have been built or are still under construction.

#### 4. Coal and Power Industry

In the coal industry, we should implement the principle of laying equal stress on prospecting and protection of resources and mapping out rational arrangements in developing coal mines according to needs. While updating and expanding existing coal mines, we should build large modern mines and standard local colliers, and improve and upgrade colliers run by towns and townships. In mapping out arrangements for developing coal mines, we should concentrate efforts on building the Urumqi, Aiweiergou, and Hami mining areas so that they can become production bases of coal for power generation in Xinjiang, coking coal, and coal to be transported to other localities respectively. The focus of construction of local colliers should be shifted to southern Xinjiang and, on the basis of improving geological surveys of coal, accelerate the construction of Shache, Yiengisar, Aksu, Hotan Duwat, Kuqa, Baicheng, and Taxdian mines. The region's coal output will reach 24 million tonnes in 1995 and 30 million tonnes in 1995.

In the power industry, we should implement the principle of adopting measures according to local conditions in generating electricity through diverse channels and developing both hydroelectric and thermal power plants of all scales so as to speed up the development of the industry. Efforts should be concentrated on such key construction projects as the first and second phase construction of Manas Power Plant, No. 9 Generating Unit of Hongyanchi Power Plant, No. 2 Ili Power Plant, No. 2 Kashi Hydroelectric Station, Dashankou Hydroelectric Station, Uruwat Hydroelectric Station, Kaqun Hydroelectric Station, and Jilintai Hydroelectric Station and corresponding power transmission facilities, so that by the end of this century, the Urumqi power network will reach Ili in the west, Korla and Aksu in the south, and Karamay in the north. Meanwhile, we should adopt various practical measures to provide electricity to counties currently without power supply as soon as possible. With an additional installed capacity of 700,000 kw during the Eighth Five-Year Plan, the power output is expected to reach 9.5 billion kwh in 1995; and with

another installed capacity of 1 million kw during the Ninth Five-Year Plan, the power output is expected to reach 14.5 billion kwh in 2000.

While developing the power industry, it is necessary to go all out to publicize the need to conserve energy, strengthen basic management on energy conservation, and popularize new energy-saving technologies. We should conserve 2 million tonnes standard coal during the Eighth Five-Year Plan, and 5 million tonnes standard coal during the Ninth Five-Year Plan. We should encourage joint heating and electrical supply and central heating systems. During the Eighth Five-Year Plan, we should give priority to constructing the East Shihezi Thermal Power Plant, thermal generating units of some power plants, and power supply on Guangming Road in Urumqi. During the Ninth Five-Year Plan, we should continue to build a number of high-parameter, large-capacity thermal power plants and complete the central heating system in Urumqi and Changji cities. In rural pastoral areas, we should continue to develop the power industry through promoting diverse energy sources so as to achieve a marked improvement in solving the problem of power supply in rural areas. We should continue to popularize fuel-saving kitchen ranges and develop fuel forestry in a planned manner. We should also adopt preferential measures to develop pneumatic and solar energy and encourage the use of coal bricks in counties in southern Xinjiang.

#### 5. Transportation, Postal, and Telecommunications

It is necessary to implement the principle of "instituting overall planning, promoting cooperation between different departments and between various regions, assuming responsibility at various levels, and building projects through joint efforts" to speed up the construction of transportation, postal, and telecommunications facilities. We should further develop the comprehensive transportation network with highways as the main body, railways as the backbone, and civil aviation as the supplementary means of transportation; a long distance communications network with optical cable, microwave, and satellite communications as the principal means of transmission; and a telephone network with a programmed switchboard as the main body.

In railway construction, we should stress completing the western section of the Lanzhou-Xinjiang Railway in coordination with the state project of repairing and constructing the multiple track section between Wuweinan and Urumqi of Lanzhou-Xinjiang Railway. We should extend the southern Xinjiang Railway at an appropriate time to gradually formulate a "T" type main artery of railways. The total volume of freight to be delivered to the east by railway should reach 21 million tonnes by 1995 and 25 million tonnes by 2000.

In highway construction, we should, on the basis of strengthening maintenance and repairing existing highways, continue to the complete Xingxingxia-Yining and Altay-Hotan highways—the "T" type main lines with

Urumqi at the center and build highways leading to border trading towns. We should also raise the technical quality of highways and the dependability of passage. During the Eighth Five-Year Plan, we should stress building highways between Beitun and Dahuangshan, between Changji and Shihezi, between Hami and Liaodun, between Toksun and Kumishi (detour for dried-up gully), between Bachu and Shache, and between Saylam Hu and Guozigou, and also Urumqi's entrance and exit highways to the north and the east. We should continue to use the methods of "providing relief in exchange for work in poverty-stricken areas," "using civilian workers on public projects" and "providing state assistance to projects undertaken by civilian workers" to vigorously promote building highways in various counties, townships, and farms. We should further improve transportation stations and points, speed up the replacement of vehicles, and develop long-distance cargo transportation by large trucks. The total volume of cargo transportation by motor vehicles (of local transportation departments) should reach 7 million tonnes by 1995 and 9.8 million tonnes by the year 2000.

In civil aviation, we should strengthen the building of basic facilities for airports, increase the number of airplanes, and raise air transportation capability. We should open up new flight routes according to the need and increase the frequency of flights. During the Eighth Five-Year Plan, we should expand the Urumqi Airport and make preparations for building a large alternate runway. We should rebuild airports in Yining and Altay and construct a new airport in Tacheng. We should continue to complete various auxiliary facilities during the Ninth Five-Year Plan. The civil aviation department in the autonomous region should be able to transport 720,000 passengers in 1995 and 1.16 million passengers in the year 2000.

In pipeline transportation, it is necessary to improve the oil and natural gas transmission pipeline network according to the production of petroleum. During the Eighth Five-Year Plan, we should strive to construct an oil pipeline from Wuweinan to Luoyang. During the Ninth Five-Year Plan, we should build an oil pipeline from Wuweinan to Urumqi.

In postal and telecommunications work, we should continue to develop communications with places outside the autonomous region. We should expand and rebuild digitally-controlled telephone switchboards in various prefectures and cities and promote automation of telephone service in various prefectures, cities, and counties. We should develop rural telephone service wherever possible. During the Eighth Five-Year Plan, we should stress building an optical cable between Urumqi and Lanzhou and digital microwave transmission lines between Turpan and Hotan and from Urumqi to Hotan and Altay. During the Ninth Five-Year Plan, we should build a telecommunications network and a long distance switchboard network with various means of transmission as well as a public data communications network with Urumqi as the center. The rate of popularization of

telephone service in the entire autonomous region should reach 1.64 percent in 1995 and 2.31 percent by the year 2000. We should gradually promote mechanization in loading, unloading, and transporting mail and automating the mail process.

## 6. Raw and Semifinished Materials Industry

In developing the raw and semifinished materials industry, we should focus on structural readjustment, upgrading quality, increasing the variety of products, and building a number of technical transformation, renovation, and expansion projects in a planned way to gradually build up bases for the production of gold, nonferrous metals, salt, and chemical products.

**Iron and Steel Industry:** During the Eighth Five-Year Plan, we shall continue to adopt the input and output contract system in the expansion of the 1 August Iron and Steel Plant as well as in the construction of new mines; we shall renovate and expand the Hejing Iron and Steel Plant, the No. 2 Steel Works of the PLA Production-Construction Corps, and the Ili Iron and Steel Plant to enhance our region's self-sufficiency in steel products. We shall systematically develop the production of coke and other supplementary materials. According to the plan, steel output will reach 500,000 metric tons and steel products, 430,000 metric tons, by 1995; the output of steel will top 600,000 metric tons and steel products, 520,000 metric tons, by 2000.

**Gold and Nonferrous Metals Industry:** We shall continue to follow the principles of "developing gold production on a priority basis, actively developing the production of copper and nickel, developing aluminum production in line with our capacity, and allowing the development of rare metals to take the lead," and we shall strengthen geological, research, and prospecting work in an effort to discover new mineral deposits with reserves that are economically exploitable. We shall give special attention to the construction of the Urumqi Aluminum Plant, Kelatongke Copper-Nickel Mine, Fukang Smelting Center, and other key projects. At the same time, we shall develop local nonferrous metal industries, disperse mining and ore dressing operations, concentrate smelting operations, intensively process nonferrous metals, and raise efficiency in the utilization of natural resources. According to our plan, the output of aluminum will reach 40,000 metric tons, electrolyzed nickel, 2,370 metric tons, and frozen nickel, 9,000 metric tons, by 1995; the output of aluminum will reach 50,000 metric tons, electrolyzed nickel, 7,000 metric tons, and frozen nickel, 20,000 metric tons, by 2000. In developing the gold industry, we shall follow the principles of "sharing risks and benefits and exploiting each other's advantages through cooperation" in developing and building the Hatu, Axi, Duolanasa, Baogutu gold mines, and other key projects. Gold production in Xinjiang will reach 100,000 taels by 1995 and 150,000 taels by 2000.

**Construction Materials Industry:** While stabilizing and raising the output and quality of such traditional construction materials as cement, plate glass, and ceramics for sanitary use, we shall vigorously develop asbestos, gypsum, vermiculite, and other nonferrous metal products and materials, carry out the program for the development of energy-saving construction materials, and speed up the upgrading of materials for wall construction. In developing the cement industry, in addition to building the No. 4 kiln of the Xinjiang Cement Plant as a key project, we shall concentrate on technical transformation to upgrade the existing enterprises, and vigorously develop special cement for use in oil wells and cement for retail sale. The output of cement in Xinjiang will reach 4 million metric tons by 1995, and 5 million metric tons by 2000.

**Chemical Industry:** We shall vigorously develop the production of soda ash, caustic soda, and other salt and chemical products, increase the production of highly concentrated phosphate fertilizer and compound fertilizer, develop finely manufactured chemical products, efficient and low-residue farm insecticides, high-quality tires, and organic chemical products, and consolidate the production and export of sodium sulphates and sulphur alkalies. We shall concentrate on building the Xinjiang Soda Ash Plant, Xinjiang Electrochemical Plant, and the carbolic acid production project of the Xinjiang Organic Chemical Plant. Xinjiang's chemical fertilizer output will reach 360,000 metric tons, farm insecticides, 2,500 metric tons, soda ash, 70,000 metric tons, and caustic soda, 45,000 metric tons by 1995; by the year 2000 the region's chemical fertilizer output will reach 590,000 metric tons, soda ash, 80,000 metric tons, and caustic soda, 120,000 metric tons.

**Forestry Industry:** While persisting in afforestation, we shall adopt a rational lumbering method, pay attention to reforestation in timber zones, speed up the exploitation of new forest zones, vigorously develop timber products processing industries, and promote the multiple use of timber and the development of timber substitutes. During the Eighth Five-Year Plan, we plan to complete the construction of the Tianxi forest zone and maintain Xinjiang's annual timber production at 350,000 cubic meters. When the Altay forest zone is completed during the Ninth Five-Year Plan, Xinjiang's timber output will climb back to 390,000 cubic meters by 2000.

## 7. Light and Textile Industry

In the light and textile industry, we should use new technology, equipment, and techniques in energetically upgrading the technology of existing enterprises, especially large and medium key enterprises (or groups of enterprises) and major export-oriented enterprises, so as to bring their production potentials into full play. Meanwhile, we should systematically apply high technology to expanding production scale. Efforts should be made to readjust product mix, raise quality, increase production of salable goods, and develop famous brands, quality,

special, and new serialized products. In line with the requirements of a reasonable scale of economy and specialized production, we should develop groups of enterprises in a planned way. Through efforts over 10 years, we should raise the quality of light and textile industry to a new level and set up fairly large production bases of light, textile, and food industries.

In the textile industry, we should raise the quality of woolen textile and develop the production of cotton and hemp textile, chemical fiber, and silk in a planned way. We should make relentless efforts to improve product quality and develop new products, going all out to develop such intensively processed products as high-quality and new-design clothes, knitwear, tourist souvenirs, and accessories. In the next decade, in addition to systematically building new cotton textile mills on a fairly large economic scale in Turpan, Kashi, Aksu, and other major cotton producing areas, carrying out the second-stage construction of the Xinjiang Polyester Fiber Mill, expanding Ili Hemp Textile Mill, and constructing the Hotan and Kashi Silk Mills, we should focus attention on accelerating technological transformation of the existing textile enterprises so as to turn out a great variety of fine quality textile goods through small-scale batch production. In 1995, the production capacity of cotton textile will reach 1.2 million spindles, and we should be able to produce 180,000 tonnes cotton yarn, 350 million meters cloth, and 15 million meters woolen fabric. In 2000, the production capacity of cotton textile will reach 1.5 million spindles, and we should be able to produce 220,000 tonnes cotton yarn, 500 million meters cloth, and 20 million meters woolen fabric.

In the light industry, we should give priority to developing basic and export products, and concentrate efforts on improving and upgrading the food, Glauber's salt, paper, leather, plastic, packing and designing, industrial art, and special ethnic products industries. In the sugar industry, while continuing to earnestly carry out projects already under construction and build new sugar mills to expand the production capacity on a suitable scale, we should pay particular attention to upgrading the technology of existing sugar mills. The production capacity will be increased by 175,000 tonnes during the Eighth Five-Year Plan and 245,000 tonnes during the Ninth Five-Year Plan. In the canning industry, we should mainly tap the internal potentials of enterprises and develop, in particular, export commodities for earning foreign exchange. In the paper industry, we should, on the basis of improving the existing straw and reed pulp mills, appropriately expand the production capacity by developing paper mills using wood, cotton, cotton stalk fiber as raw materials to increase the variety and output of medium-range and high quality paper. In the leather industry, we should adhere to the principle of centralized processing of hides, decentralized distribution of finished products, and rational utilization in promoting specialized and serialized production on an appropriate scale. As the same time, we should develop leather chemical industry and leather accessories. In the plastic

industry, we should develop mainly plastic materials for agricultural use, packing, household electric appliances, and construction engineering. In Glauber's salt industry, the production should be developed according to domestic market demands. In 1995, the output of machine-made sugar should reach 400,000 tonnes; canned food, 150,000 tonnes; machine-made paper, 130,000 tonnes; leather, 1.5 million sheets (equivalent to the large size); plastic products, 120,000 tonnes; and crude salt, 2 million tonnes. In 2000, the output of machine-made sugar should reach 600,000 tonnes; canned food, 250,000 tonnes; machine-made paper, 170,000 tonnes; leather, 2.2 million sheets; plastic products, 120,000 tonnes [figure as printed, same as that in 1995]; and crude salt, between 3 to 4 million tonnes.

#### 8. Machine-Building and Electronics Industry

Emphasis should be put on reorganization and transformation of these industries. While adjusting product mix, restructuring enterprises, and rationalizing the relations between different fields of production, we should go all out to make progress in technology and management and use advanced technology and equipment to transform traditional manufacturing techniques and processes. Attention should be given to transforming existing backbone enterprises, promoting enterprise association, and establishing enterprise groups making farm machinery and other products in a planned and step-by-step manner with a view to raising the level of specialization and the capability of cooperation and coordination. Meanwhile, stress should be put on developing machinery used in agriculture and animal husbandry, including tractors of 55 horsepower and more; combines for wheat, cotton, and sugar beets; and machines for grassland construction and animal by-product processing. Other items to be developed are equipment for recovery of natural gas in oil fields, steam-producing boilers for oil-extraction operations, large-sized pressurized containers, and other machines for the petroleum industry and their accessories; automobiles for use in desert, special-purpose motor vehicles, and their accessories; whole sets of equipment for light, textile, and food industries, and their accessories; and water-wheel power-generating equipment, power transmission and transformation equipment, oil-well performance-recording equipment; and electric appliances and electronics products, including color television sets. We should turn out advanced-performance technology and equipment as well as necessary machinery and electronics products to meet our region's requirements in exploiting resources, developing the economy, and improving the people's standard of living. At the same time, we should improve the repair service for oil-extraction equipment and other machines. Our production targets for 1995 include 20,000 tractors, 600 combines, 800 fodder grass harvesters, and 120,000 color television sets.

#### 9. Geological Prospecting and Meteorological Undertakings

We should carry out the principle of "guaranteeing the basic survey, strengthening general prospecting, making detailed investigation where large deposits are likely, and conducting special prospecting." In accordance with the guideline of meeting immediate requirements, paying attention to urgent needs, ensuring the fulfillment of short-term demands, and long-term planning, we should take geological prospecting the central task and go all out for long-range investigations and general surveys in an effort to find more spots with mineral deposits. Meanwhile, emphasis should be put on prospecting for certain kinds of deposits. We should try to find a number of spots with mineral deposits that are worth exploiting so as to make major breakthroughs in geological prospecting. Regarding coal prospecting, while continuing the detailed prospecting in the three big mining areas of Urumqi, Aiweiergou, and Hami, we should put stress on the geological survey in coal-shortage southern Xinjiang as well as detailed prospecting in certain areas to provide information about the quantities of deposits for building new mineshafts. To meet the needs for mineral resources in developing the metallurgical industry, building materials industry, and chemical industry, we should prospect for deposits of iron, manganese, and supplementary smelting materials, and also for certain non-metallic deposits. Continued efforts should be made to prospect for gold, copper, nickel, aluminum, and rare metals. Based on the work done during the Seventh Five-Year Plan, we should conduct prospecting in a number of selected spots where deposits are likely to exist. We should try to discover some spots with large deposits and give an estimate of the reserves. Regarding those large ore fields and mineral deposits that are already included in short- and middle-term plans or are likely to be exploitable, we should conduct comprehensive surveys and appraisals and carry out initial technical studies. Also, it is necessary to conduct hydrological, engineering, and environmental geological surveys and appraisals in connection with the development of comprehensive agriculture as well as urban and rural construction, the improvement of water supply to prevent certain diseases, and the building of key and backbone construction projects. We should use various channels to increase investment in mineral prospecting, actively promote the use of geological data by paying a certain fee, formulate preferential policies, vigorously cooperate with geological research and survey departments in the interior, and solicit foreign investment in mineral prospecting and mining. In addition, we should strengthen the unified management of the work of mineral prospecting and mining and raise the technological and managerial level of geological work.

We should bring into full play the role of meteorological undertakings in promoting the national economy, particularly agricultural production, and strive to increase social benefits and economic results of meteorological service. We should build a weather forecast service system, make the weather forecast as accurate as possible, and extend the effectiveness of the forecast for a

given period of time. We should perfect climatic monitoring networks and build a climatic diagnosis, analysis, forecast and application service system centering on the climatic database with agricultural meteorological phenomena as the main content. We should build artificial rain and satellite remote sensing service projects well. We should strengthen the monitoring and forecast of disastrous weather which jeopardizes agricultural production and animal husbandry and affects the main lines of communication, deepen the systematic study of the brewing, occurring, developing and imperiling of catastrophes, and supply reliable meteorological service and protection for industrial and agricultural production and development.

#### 10. Construction Industry

In the building industry we must uphold the principle of quality first and carrying out reform, optimizing the structure, raising the quality, and paying attention to economic results. We must continuously raise our technological and managerial level. We must draw up construction plans in accordance with rational time limits for projects, guarantee good quality control for all projects, and build a sound, strict quality control supervisory system. It is necessary to adopt advanced and suitable technology for survey, design and construction of projects and for the manufacturing of building machinery. It is necessary to fully tap the existing potential, raise the quality of building workers, strengthen the capacity of self-development, and strive for stable development in serving the development of resources, promoting urban and rural construction, and opening up the international labor market.

#### 11. Commodity Circulation

It is necessary to strive hard to develop markets within and without the autonomous region, further perfect the market sales network, strengthen market forecast, invigorate the circulation of commodities, raise the market occupancy rate for commodities in our region, and continuously expand the scope of circulation. We must develop the supply of a variety of commodities, and make great efforts to prepare for basic daily consumer goods, particularly the purchase, allocation, supply and reserve of grain, cotton, oil-bearing crops, meat and other farm and sideline products which have important bearings on the national economy and people's livelihood. We should do our best to guarantee the balance between supply and demand in terms of the total amount and the structure of consumer goods. We must build more storehouses to solve the acute shortage of storehouses for grain, cotton, sugar and other major commodities. We must continuously open new eating houses and actively disseminate new technology for packing, freshness preservation, processing, storing and transporting. In 1995, our gross retail sales should reach 19 billion yuan, an average annual increase of 10.6 percent; in 2000, it should reach 30 billion yuan, an average annual increase of 10.1 percent during a 10-year period.

The circulation of means of production, in accordance with order of importance of products and the principle of satisfying the need for key construction projects first, should be based in key cities where we should rationally develop regional circulation, develop the materials market, speed up the circulation of materials, deepen the socialization and specialization of the circulation of materials, and make great efforts to conserve materials, use substitutes, reclaim and regenerate materials, and engage in multi-purpose utilization.

### III. Regional Economic Planning

#### 1. Overall Planning

It is necessary to integrate the characteristics of unified economic planning of the entire region with local economic characteristics and to integrate major industries with key local areas in accordance with the principle of "overall planning, rational division of labor, mutual supplement with favorable conditions respectively owned, coordinated development, sharing of profits, and common prosperity"; use existing productive forces as the foundation and main lines of railway and highway communication as the axis and adopt the strategic policy of "striving for economic development in the southern and western parts of Xinjiang by relying on the central part of Xinjiang, making the focal points stand out, and proceeding with implementing planning in an orderly way"; form an overall arrangement that integrates points and lines of ongoing construction projects and enterprises striving for economic development with economic development areas and that encourages enterprises, institutions, and localities to supplement each other with their respective favorable conditions through successful disposition of the industries and construction of local cities as economic centers at the five economic zones; step up efforts to build major comprehensive economic development zones; establish oil and petrochemical industry development zones as well as gold and nonferrous metals development zones; and develop construction in the three key areas of Ili City, Kashi City, and Hami City in a bid to achieve optimized disposition of resources and optimized organization of regional economic structures in the next decade.

The whole region is divided into five economic zones—namely, the central part of northern Xinjiang, the northwestern part of northern Xinjiang, the northeastern part of southern Xinjiang, the southwestern part of southern Xinjiang, and eastern Xinjiang—in accordance with the principle of division of labor among localities and on the basis of the similarity between natural resources and industrial development, the closeness of economic ties, and the role played by local cities as economic centers. The course that we have charted for their industrial development follows.

—The economic zone in the central part of northern Xinjiang includes Urumqi City, Changji [Hui Autonomous] Prefecture, Shihezi City, and Shawan County. It is necessary for us to strengthen the agricultural

foundation and make vigorous efforts to promote development of the coal, electric power, petrochemical, and light and textile industries; to transform and upgrade the traditional industries of iron and steel, building materials, machinery, and so forth; to actively promote developing science, technology, and education as well as the tertiary industry, including finance, information, commerce and trade, and so forth; and to selectively promote development of new high-technology so that we may expedite rationalization of production structure and make the economic zone become one. Economic development throughout Xinjiang depends on this.

—The economic zone in the western [as published] part of northern Xinjiang covers Karamay City, Ili [Kazak Autonomous] Prefecture (except Shawan County), and Bortala [Mongol Autonomous] Prefecture. It is necessary for us to make vigorous efforts to promote development of agriculture and step up efforts to promote comprehensive development at agricultural areas and construction of production centers of agricultural and animal husbandry commodities (grain, cotton, edible oil, sugar, and livestock); to work hard to improve development and construction at the gold and nonferrous metals zone in Altay while actively striving for development of the oil, petrochemical, salt chemical, energy, and light and textile industries; and to make full use of the ports in border areas to work successfully in opening to the outside world by expanding trade and economic and technical cooperation with foreign countries.

—The economic zone in the northeastern part of southern Xinjiang encompasses Aksu Prefecture and Bayingolin [Mongol Autonomous] Prefecture. It is necessary for us to do a good job in promoting development of agriculture and animal husbandry to ensure a steady increase in grain output and more grain for ourselves and increasing the production of cotton, sugar, melons and fruits, and other cash crops, as well as the production of animal husbandry and fishing; to use oil exploration and opening up of oil fields in northern Tarim Pendi as the forerunner to establish petrochemical centers for producing oil and natural gas; and to promote the development of electric power, transportation, communications, machinery, building materials, commerce, foreign trade, tourism, service, and light and textile industries.

—The economic zone in the southwestern part of southern Xinjiang includes Kashi Prefecture, Kizilsu [Kirgiz Autonomous] Prefecture, and Hotan Prefecture. It is necessary for us to make vigorous efforts to promote development of the parts of the infrastructure of water, electricity, and road to improve conditions for production; to establish cotton, fruit, and silkworm production centers; to actively promote development of tourism, light, and textile industries as well as production of peculiar goods specially needed by minority nationalities; to succeed in promoting

border trade; and to work hard to promote development of education, science, and technology and improve the quality of the population in a bid to bring about a beneficial cycle of population, the economy, and ecological environment.

—The economic zone in eastern Xinjiang covers Turpan Prefecture and Hami Prefecture. It is necessary for us to concentrate efforts on developing coal, salt, and salt chemical industries as well as on exploring oil and ferrous metals; to make vigorous efforts to promote developing agriculture and animal husbandry and establish production centers of cotton with long flannel, grapes, melons, and other fruit; to promote the corresponding development of the textile industry as well as the canned food industry specializing in mainly processing melons and fruit; and to actively promote development of the tourism industry.

## 2. Key Development Areas

—Comprehensive Economic Development Zone (including Urumqi City, Changji Prefecture, Shihezi City, Shawan County, Usu County, Kuytun City, Karamay City, Toli County, Jinghe County, Bole City, and Alataw Pass). We should pay close attention especially to the comprehensive development of the Urumqi-Karamay economic center area. We should bring into full play this area's advantage in having relatively concentrated industries and introduce suitable advanced technology to accelerate the technological transformation of enterprises—mainly large and medium-sized key enterprises—to build up their capability to develop new products and update technology. We should do our best to raise the level of intensive farming and strengthen the construction of marketable grain, cotton, and sugar production bases. We should energetically develop the petroleum, petrochemical, coal, power, and salt chemical industries, and transform the light and textile, building materials, iron and steel, and machine-building and electronics industries. We should strive to develop science and technology, education, banking, insurance, information, commerce and trade, tourism, and other tertiary industries. We should develop industries requiring intensive intellectual and technological resources in a selective way to upgrade the industry and strengthen the ability to accumulate funds and earn more foreign exchange. To actively develop an export-oriented economy and attract funds, technology, and talented people from other parts of China and abroad, we should constantly improve the investment environment and set up an economic and technology development zone in Urumqi and a mountain port at Alataw Pass. In this way, the comprehensive economic development zone will become a major gateway opening to the outside world and channel for conducting foreign trade in the western Chinese land border area. It will also become a base for studying, developing, and popularizing new and high technology, and a zone where new and high technological

industries take root and proliferate, thereby spurring and supporting the economic development of Xinjiang as a whole.

—Petroleum and Petrochemical Development Zone (including Turpan Prefecture, Korla City, and Hoxud, Yanqi, Bohu, Hejing, Yuli, Luntai, Kuqa, Xayar, and Xinhe Counties). We should pay particular attention to the development and construction of Korla City, Shanshan, and Kuqa areas. We should, on the basis of major discoveries in the petroleum prospecting of the Tarim Basin and Turpan-Hami Basin, build oil and gas fields for extracting petroleum and natural gas and developing the petrochemical industry. To support the development of petrochemical industry, we should also develop the coal, power, building materials, and machine-building industries, as well as specialized social services. We should go all out to tap water and soil resources for developing agriculture and animal husbandry and the light, textile, and food industries using farm and animal products as raw materials. We should also earnestly carry out the "vegetable basket" project. In this way, we will gradually set up a new industrial zone, which is led by the petroleum and petrochemical industries and based on agriculture and animal husbandry, and which has integrated supporting industries and indigenous economic characteristics.

—Gold and Nonferrous Metals Development Zone (including Altay City and Qinghe, Fuyun, Burqin, Fuhai, and Habahe Counties). We should fully harness our advantage in mineral resources and intensify prospecting to increase mineral reserves. We should give top priority to developing gold and actively develop copper and nickel mines while preserving the leading position of rare-earth metals. We should actively exploit and utilize water, soil, grasslands, and forest resources to achieve all-around development of agriculture, forestry, animal husbandry, and fishing, with animal husbandry as the primary focus. We should also improve our capability to process and intensify the degree of processing farm products. We should actively promote tourism, the jewelry-making industry, and border trade. We should step up industrial arrangements in Beidun in order to establish a regional economic center.

—Key Development Area Centering Around Kashi City (including Kashi City, Shule and Shufu Counties, Artux City, and Akto County). We should step up comprehensive agricultural development, with irrigation at the core. We should develop cotton, food, silk, and leather-processing industries, set up processing zones on a trial basis, and expand trade and economic and technical cooperation with foreign countries. We should actively develop tourism and the production of tourist souvenirs and ethnic handicrafts so that this area can gradually become the center of economic development and opening to the outside world in the three southern Xinjiang prefectures.

—The major development zone centered around Yining City (including Yining City and Yining, Huocheng, Qapqal, Nilka, and Gongliu Counties). We will carry out comprehensive development of agricultural zones, and construct bases for grain, sugar, and animal by-products; exploit water energy and coal resources, and develop the power industry; raise the standards of woolen textile, flax textile, sugar-making, foodstuff, leather, and other processing industries; speed up the development of Yining City and trading ports vis-a-vis the Soviet Union, experiment with an export processing zone, develop products capable of earning foreign exchange, expand border trade, and make this zone a forward position for opening to the West.

—The major development zone centered around Hami City (including Sandaoling Mining Area). Major efforts will be made to develop coal, power, salt chemical, ferrous and nonferrous mining, and building materials industries; to develop water and land resources; and to speed up construction of non-staple food bases so that this zone will serve better as a door linking Xinjiang with the hinterland.

### 3. Urban and Rural Planning

In urban development, we should follow the principle of controlling the scale of large cities, promoting a reasonable development of medium-sized cities, and actively developing small towns; and promote urbanization in Xinjiang in a planned way in coordination with economic development. By the end of this century, the total population of urban areas will reach about 6.7 million, and 36 percent, opposed to 28 percent in 1990, of Xinjiang will be urbanized. In urban construction, we should uphold the principle of "drawing up a unified plan, making a reasonable layout, promoting comprehensive development, and building supporting facilities"; focus attention on improving the functions of cities and counties proper; do a good job in building infrastructure facilities closely related to production and the people's livelihood, such as the water supply, sewage, public transportation, urban telecommunications, environmental hygiene, urban highways, and centralized heat supply; and vigorously promote tree-planting activities in urban areas. Tap water will be available to 90 percent of urban areas in Xinjiang by 1995, and to 100 percent of urban areas by the year 2000. A green belt will cover 30 percent of Xinjiang's urban areas in 1995, and 35 percent by the year 2000.

Urumqi is Xinjiang's political, economic, and cultural center. We will reinforce the foundation, optimize the environment, and readjust the production and reform structure. To promote industrial development, we should focus on transforming and improving machine-building, electronics, energy, light and textile, building materials, and other traditional industries; give due attention to new and high-technology industries to raise the industrial level; and vigorously develop agriculture and animal husbandry in suburban areas, primarily through constructing the three nonstaple food bases. We

will control the urban population; make unified planning; build Changji, Miquan, Wujaqu, Fukang, and other satellite towns; and step up construction of infrastructure facilities like water supply, sewage, transportation, posts and telecommunications, and water sources. We will speed up the development of science and technology, information, banking, commerce and trade, restaurants, tourism, and other tertiary industries. We will reinforce Urumqi's comprehensive functions in organizing and coordinating economic development in Xinjiang so it will fully develop its central role as a capital city.

We will focus on the construction of Korla, Kashi, Yining, Kuytun, Shihezi, Changji, and Hami Cities, which are already well-established, fairly reasonably distributed, and equipped with comprehensive functions. Within this century, we will turn them into medium-sized cities, each with a population of 200,000 to 250,000, and have them act as regional centers. We will vigorously develop small cities that act as minor regional economic centers, and build up Kuqa City, Shache City, Beitun City, and Wujaqu City. We will step up the construction of all types of towns, and gradually perfect the urban system. We will also straighten out the management system and set up cities and towns in places where the divisions and regiments of the production and construction corps are located, provided they meet the requirements for cities and towns.

Rural construction should follow the principle of "making overall planning, giving correct guidance, relying on the masses, encouraging self-reliance, suiting measures to local conditions, and carrying out construction in a gradual manner." In light of the activities to build rural areas that excel in five aspects, and the permanent and semipermanent residences of herdsmen, we will concentrate on developing market towns, use the typical cases to lead the way, and do a good job in the construction of residential quarters and villages in rural and pastoral areas, so that, in 10 years' time, we will have built villages and towns which are reasonably distributed, have a good environment, help promote production, provide conveniences for the people in their daily lives, and possess ethnic characteristics and local flavor.

#### 4. Land Management and Ecological and Environmental Protection

We must attach great importance to land improvement and ecological and environmental protection, prepare a land development and improvement plan, strengthen the planning and management of natural resources, and coordinate relations between population, natural resources, and the environment in economic development. We should speed up the comprehensive harnessing of Ili He, Ertix He, Tarim He and other main rivers and strengthen the ecological protection of Ulungur Hu, Bosten Hu, Ebinur Hu, and Sayram Hu. In particular, we should protect the green corridor in the lower reaches of Tarim He. We should make efforts to control deserts, restore and develop natural forests in desert areas, and

reduce factors that may turn land into desert. We should promote afforestation and establish shelterbelts to protect land. We should control and reduce environmental pollution, control the emission of "three wastes," and strengthen environmental management. We should follow the principle of "any unit which causes pollution should be responsible for solving the problem and any unit which develops an area should be responsible for protecting the area" to control industrial pollution mainly caused by emission of wastes by large and medium-sized enterprises and prevent air pollution in cities. We should limit the draining of waste water to 430 million tonnes per annum in 1995, including 300 million tonnes of industrial waste water. More than 60 percent of the drainage works must meet the standard set by the state. The discharge of sulfur dioxide should be limited to about 240,000 tonnes, chimney dust and industrial dust should be limited to 240,000 tonnes and 180,000 tonnes respectively, and the annual amount of industrial dregs must not exceed 4.5 million tonnes. The rate of comprehensive use of wastes should reach 50 percent.

We should strengthen management and construction of natural protection zones in accordance with the law. We should develop and utilize those areas on a trial basis under the condition that the ecological balance will not be damaged in order to strengthen the economic power of those protection zones.

We should seriously implement the policy of "laying stress on prevention and being prepared in times of an earthquake," and do a good job in watching, forecasting and fighting earthquakes and relief work. We should strengthen surveying and mapping work to provide correct information for economic construction and social development.

#### 5. Economic Development in Poverty-Stricken Areas

During the Eighth Five-Year Plan and the next decade, we should firmly implement the policy of helping poor areas by stressing economic development in those areas. We should pay attention to helping poor households in the 27 poor countries and mobilize rich people and rich countries to take part in the economic development of poor areas with a view to eliminating poverty and developing the economy. During the Eighth Five-Year Plan, we should basically solve the problem of food and clothing of the majority of people in poor areas and continue to solve the problem of some 70,000 households and enable them to have enough food to eat and enough clothes to wear. Toward those poor households which already have enough to eat and wear, we should continue to stabilize and consolidate their economic condition and reduce the number of those who may return to poverty to a minimum. We should, through improving production conditions in poor areas, develop diversified operation and vigorously promote economy to enable those poor families who already have enough to eat and wear to have stable incomes and raise their average per capita income from 315 yuan at present to 500 yuan. During the Ninth Five-Year Plan, we should

go all out to promote economic development to change the poor and backward look of those areas, and help poor households get rid of poverty and live a relatively comfortable life. To achieve this goal, we should integrate the work of helping poor areas develop their economy with regional economic development and the work of revitalizing the economy at the county level. We should provide necessary assistance to areas where there are many poor families in the form of money, supplies and manpower. We should strengthen the building of capital construction projects there including the water supply, generating electricity and constructing roads, and improve farmland and grassland in those areas. We should continue to grasp the work of disease prevention and water purification and improve production and living conditions for people in poor areas. We should develop and utilize agricultural and livestock products, tap natural resources, and set up pillar industries in those areas to enable poor families to have stable income. We should adopt comprehensive methods to help poor areas including the popularization of knowledge. We should properly solve various social problems in poor areas, including culture, education, population growth, and improving the ecological environment. We should continue to mobilize all sectors of society and relatively developed areas to assist poor areas. We should use science and technology to help poor areas and vigorously promote advanced and applicable science and technology in those areas. We should set up economic entities in line with local conditions to help people improve their economic condition. We should further implement and improve various policies to help poor areas, study to formulate some special policies to help those areas, promote lateral ties between poor and developed areas, reduce economic burden of poor families, promote and assist economic development in poor areas, and help poor families cast off poverty and become rich.

#### 6. Development of County-Level Economies

To develop county-level economy with efforts focused at enhancing self-accumulation and self-development ability of counties is one of Xinjiang's important tasks in economic construction in the next 10 years. It is necessary to seriously do a good job in organizing the implementation of county-level overall development plans, carry out planned projects and measures, and attain planned objectives. While ensuring success in developing and using land and water resources and making great efforts to develop agriculture, a county should take full advantage of its own strong points to actively develop industry, including the building industry and tertiary industry. A county with the necessary conditions should develop one or two well-reputed products to help make both the people and the county rich. It is necessary to overcome county-level financial difficulties step by step with such effective measures as providing specific guidance, adopting preferential policies, and giving assistance and support to selected units. With 10 years of effort, we should further improve the situation of the counties (cities) which have already achieved financial

self-sufficiency or begun to deliver revenues to the state; counties with a small financial deficit and a fairly good foundation should strive to achieve financial self-sufficiency as soon as possible; and all other counties should remarkably raise their financial self-sufficiency, and we should strive to make all county-level cities and one third of the counties in Xinjiang to become financially self-sufficient or have surplus revenues to deliver to the state.

#### IV. Scale of Fixed Asset Investment

In the investment on fixed assets in the next 10 years and the Eighth Five-Year-Plan, we should continue the policy of "exercising overall economic control, making structural readjustments, stressing the main points, and enhancing economic efficiency," adhere to the principle of keeping the scale of investment within Xinjiang's capability, properly concentrate financial resources, step up the construction of key projects, and properly increase the investment for agriculture, transport, energy source industry, important raw and processed materials industries, science and technology, and education so as to build up our capacity for sustained economic development. We should also increase the investment in technological transformation to accelerate technological progress of enterprises. After taking overall consideration of various factors, such as the needs of attaining the second-step strategic objective of Xinjiang, the state strategy of moving petroleum exploitation westward, expansion of openness to the outside world, readjustment of national industrial policy, and availability of funds, we have preliminarily estimated that during the Eighth Five-Year-Plan, our total investment in fixed assets will be approximately 57.5 billion yuan, with an average annual growth rate of 8.8 percent. Of the total investment, local investment will be 23 billion yuan, with an average annual growth rate of 7.2 percent. The investment made by state-owned units will be 15 billion yuan. Of the investment made by state-owned units, 10 billion yuan will be invested in capital construction, with an average annual growth rate of 5.8 percent; 4 billion yuan will be invested in transforming technology, with an average annual growth rate of 11.5 percent; and 1 billion yuan will be invested in state-owned and other commercial housing, with an average annual growth rate of 15 percent. The investment made by collective and private enterprises will be 8 billion yuan, with an average annual growth rate of 6.2 percent.

In the next 10 years, we should continue to deepen the reform of the investment system, set standards for investment behaviors, gradually bring to perfection the macro-control and self-restraint mechanisms for investment, and raise capital funds for economic construction through various channels and at various levels. We should continue to seek investment from various ministries and state commissions in Xinjiang's superior industries. In the meantime, we should adhere to the principle

of "feeding the people and undertaking economic construction simultaneously" to readjust expenditure patterns, increase step by step the proportion of the investment in fixed assets in local expenditures, correctly guide consumption, increase savings, and expand the sources of credit funds. We should take various actions, such as raising housing construction funds and issuing bonds, to collect idle capital in society and use it for economic construction. We should strive to improve the investment environment, formulate and further improve preferential policies, use foreign capital and capital from coastal and interior provinces and municipalities, exploit Xinjiang's natural resources, and run joint ventures. We should strengthen the macro-control of investments made with funds raised by the investor, as well as the investment made by collectives and individuals; and properly concentrate investment on key construction projects. It is necessary to improve management of investment projects, reduce loss and waste, rectify "three unauthorized acts" [collecting unauthorized fees, imposing unauthorized fines, and making unauthorized apportionments], and raise investment efficiency.

#### V. Scientific, Technological, and Educational Development

##### 1. Scientific and Technological Development

In developing science and technology in Xinjiang during the Eighth Five-Year Plan and the next decade, we must firmly implement the principle of "relying on science and technology in economic construction and gearing scientific and technological work to the needs of economic construction," closely integrating science, technology, and education with production and steadily advancing the idea of "prospering Xinjiang through science and technology." We should strengthen unified planning, arrange forces rationally, and set up an in-depth structure in the following three areas: the main battle front of economic construction, the study of high-tech and development of new technological industries, and basic research. In accelerating the transformation of fruits of scientific and technological research into real productive forces, we should strive to apply modern technology, especially electronic technology, to transform the traditional industry and develop high and new technological industries in a selective way. In this way, we can set up a multilevel complex technological system, with conventional technology as the mainstay, and provide the scientific and technological guarantee for speedy realization of the strategy to transform our better resources. Before the end of this century, we should strive to reach the domestic intermediate level of the same period in comprehensive scientific and technological capability, reach or approach the developed countries' technological level of the 1970's in major industrial departments, reach the domestic advanced technical level of the same period in our better industries, and have more than 40 percent of our economic growth deriving from scientific and technological progress. During the Eighth Five-Year Plan, we will promote agriculture with science and technology under the

"6463" plan (namely the six major projects on scientific and technological research, four major projects on technological development, six major projects on technological dissemination, and three major projects on construction of model experimental zones); and industry with science and technology under the "1281" plan (namely organizing 100 projects on scientific and technology research, developing 2,000 new products, popularizing 80 major scientific and technological research projects, and setting up 100 enterprises pioneering in science and technology).

In tackling key scientific and technical questions, we should focus attention on scientific and technological progress for promoting agriculture and industry, and organize forces to study the following areas:

—In tackling key technical questions on agriculture and animal husbandry, we should study mainly ways for improving agricultural production conditions and raising the output and quality of major farming and animal products. We should also study comprehensive utilization of water and soil resources and improvement of the ecology in arid areas; comprehensive development in small valleys and techniques for achieving a sustained agricultural growth in low- and middle-yield areas; intensive management of crop cultivation and fish breeding; seed selection of major crops and new techniques for high-yield cultivation mode; techniques for preventing and controlling crop diseases and insects; comprehensive experimental zones for optimal mode of livestock production in grasslands; aquaculture; and improved strains of major domestic animals and poultry and prevention and control of their diseases.

—In tackling key scientific and technical questions in industry and communications, we should concentrate efforts on studying quality, variety, and efficiency and developing marketable famous brand, quality, special, and new products in the light, textile, and food industries; development and utilization of petroleum, natural gas, coal, pneumatic energy, and solar energy and new techniques for saving energy; operation and management and control technology of transportation; introduction and assimilation of new postal and telecommunication networks; technologies for petrochemical and salt chemical industries; and techniques for heap leaching of low grade gold and their popularization.

—In prospecting resources, we should keep in mind Xinjiang's petroleum, natural gas, and nonferrous metal resources in continuing to carry out two major projects—namely, the "comprehensive technical research on key targeted areas of nonferrous metals in Xinjiang" and the study of petroleum and natural gas systems in Tarim. We should select key ore belts and targeted areas in studying the metallogenic law and forecast on nonferrous metals and gold in a bid to complete a forecast of 6 million to 8 million tonnes of nonferrous metal and 2 million to 3 million tonnes of

gold reserves during the Eighth Five-Year Plan. We should also complete as quickly as possible the study on conditions for the formation of petroleum and gas resources, law on rich petroleum and gas resources, and techniques for comprehensively assessing and developing petroleum and gas resources.

—Research on other technologies, primarily the techniques for population control, eugenics, and good upbringing; new technologies for preventing and controlling common diseases, frequently-occurring diseases, and endemic diseases; technology for comprehensive treatment of the three wastes; and the technology for monitoring, forecasting, preventing, and controlling natural disasters.

**Widespread application of scientific and technological achievements.** The important thing is to focus on "promoting agriculture by relying on science and technology," "promoting industry by relying on science and technology," and prospecting for and exploiting natural resources; vigorously promote the use of scientific and technological achievements in production; and modernize the technology for achieving high and steady yield in agriculture, promoting technical progress in industry, and prospecting for and exploiting natural resources. In agriculture, we will popularize the advanced and applicable technologies for transforming low- and medium-yielding farmland, conserving water in irrigation, modular cultivation of plants, mechanization operations, and preventing and controlling insect pests, and plant and animal diseases. During the Eighth Five-Year Plan, in coordination with the implementation of the "Spark Program," the "Prairie Fire Program," and the "Bumper Harvest Program," some 50 percent of the achievements in agricultural science and technology will find application. Fine-strain seeds of major grain and cash crops will be sown on 80 percent of the farmland. We will publicize popular science and conduct technical training among the many peasants and herdsmen; actively carry out activities to build science-technology townships, villages, and households; and establish demonstration zones for science and technology in agriculture and animal husbandry. In industry, we will primarily use advanced technology and equipment to speed up technical transformation in existing enterprises and widely apply microelectronic technology in traditional industries. We will vigorously promote energy-saving and water-conserving technologies that require little investment but yield good and quick results. We will also vigorously publicize the quality control standards set by the state to promote upgrading products, readjusting production structures, and raising the technical level of enterprises. By the end of the Eighth Five-Year Plan, the quality of 90 percent of the products will have been improved, output value of quality products will make up 30 percent of the total output value, and output value of products that adopt state standards will account for 40 percent of the total. We will actively promote the use of advanced technologies in telemetry and remote sensing, and promote technical progress in locating minerals, cartography, and land management.

**Development and Application of New and High Technology:** We will keep track of the trend of developing new and high technology at home and abroad; strive to make progress in research in bioengineering, electronic information technology, automation technology, aeronautics and astronautics, new energy, new materials, and the development of some new and high technology industries; and strive to narrow the gap in other parts of the nation.

**Basic Research in Natural Science:** We will concentrate our research on subjects that find wide application and that facilitate exploitation of Xinjiang's advantages in resources. We will also forecast the trends in changes in the future environment for the existence of the oases in Xinjiang and develop countermeasures accordingly, and will pay attention to research in the newly developed sciences and frontier sciences to build up the power for sustained development in science and technology.

The research of philosophy and social sciences is mainly to study important theoretical issues and practical problems in light of this region's economic and social development, reform and opening to the outside world, and to serve the building of socialist material and spiritual civilizations. The research work should lay stress on studying Marxist basic theory, theory of economic and social development in Xinjiang, policies, the reform of economic structure and political structure, history, literature and art, languages and literature, education, journalism, basic theories of law and related subjects, nationality theories, nationality policies, nationality history, the history of Central Asia, religion, and the science of nationality affairs. We should strengthen libraries, information and archives work and constantly improve conditions and facilities for studying social sciences.

We should further deepen reform, stabilize and perfect policies to promote the progress of science and technology, and gradually establish a new system with vitality and efficiency to integrate the adoption, development, promotion, and application of science and technology. We should promote close contacts and coordinate cooperation among specialized research institutes, universities and colleges, and large and medium sized enterprises in scientific research work. We should integrate natural science with social science in tackling various problems. We should strive to increase investment in science and technology, strengthen the building of foundation facilities for the study of science and technology, and increase scientific and technological institutes' ability to obtain funds for their own use. We should strengthen the training of people of minority nationalities and young scientists and technicians. We should gradually improve the remuneration for those scientists and technicians working on the frontline of production. We should actively introduce domestic and foreign science and technology, and develop scientific and technological exchanges with other localities. We should unfold activities to popularize science, raise the cultural and scientific quality of people of various

nationalities, and form a good social custom of respecting knowledge, respecting science, and respecting talented people.

## 2. Educational Development

It is necessary to implement the principles that education should serve socialist modernization and be integrated with productive labor; that we should train builders and successors to our cause with comprehensive development of moral, intellectual, and physical education; that we should further set right our guiding thought in running schools, adhere to socialist orientation in running schools, and raise the ideological and political level and professional skill of educators and students; and that we should make reasonable arrangements to improve the educational structure and raise the quality of education to a great extent.

**Basic Education:** We should implement the nine-year compulsory education system by stages according to local conditions and guarantee the quality of education. Every effort should be made to popularize primary education in 90 percent of our region by 1995 and to bring the rate of popularization of the nine-year compulsory education to 87 percent by the year 2000. We should popularize high school education in major large and medium-sized cities and in areas where the economy is relatively developed. In remote mountainous and pastoral areas, we should actively support and develop in a down-to-earth way compulsory education for students in lower primary schools. In addition, we should energetically and steadily develop children's pre-school education and special education for mentally retarded and disabled children.

**Secondary Professional Education:** We should formulate overall plans and reasonably arrange the specialties and raise the quality of professional education while strictly controlling the scale of regular high schools. Of the total number of students at the high school level, those studying in secondary professional schools should reach 48 percent by 1995 and 52 percent by 2000. Within the next 10 years, we should have 160,000 graduates from full-time secondary professional schools, 340,000 graduates from professional high schools, and 100,000 graduates from technical workers schools.

**Regular Education of Higher Learning:** In accordance with the actual needs of Xinjiang's economic development, we should optimize the structure, stabilize the scale, and raise the quality and efficiency of regular education of higher learning. During the Eighth Five-Year Plan, we should carry out "four fixing" (fixing task, scale, personnel, and operating funds) in regular institutions of higher learning and, on this basis, start to adjust and strengthen the variety of specialties. It is necessary to control the expansion of the specialties that are already in excess of demand. Instead, we should develop those specialties that are needed urgently and establish a

number of key courses that are required for the development of the economy. Meanwhile, the scope of specialized knowledge should be enlarged to an appropriate extent. We should try to see to it that by the year 2000, the regular college students and those studying in institutions for professional training will have a ratio of 1:2. Additionally, we should reform the system of admissions of students and job assignment for graduates and increase the enrollment of students from remote and poor areas. Based on needs and possibility, we should properly increase the numbers of graduate school students and students studying abroad. In the next 10 years, we expect to train 66,000 specialists from regular colleges and special professional institutions and another 1,000 from various graduate schools.

**Adult Education:** We should persist in running adult schools in various ways by relying on diversified forces, and in a variety of forms so as to steadily develop adult education. We should further rectify and adjust the structure of adult education, strictly restrict the development of education aimed at obtaining diplomas and shift the emphasis onto training on the job. We expect to train 75,000 and 145,000 people through higher and secondary adult education, respectively. Apart from this, great efforts should be made to develop anti-illiteracy education. We should try to wipe out illiteracy among young and middle-aged people by the end of this century.

During the next 10 years and the period of the Eighth Five-Year Plan, we should attach importance to improving the quality and raising the efficiency of education and make further efforts to build a contingent of teachers, in particular teachers in remote areas. We should improve the teacher-training system, do well in running all kinds of teachers' schools and education colleges, put emphasis on the teachers' on-the-job training, and improve the political and professional quality of teachers of all categories and at all levels. At the same time, we should make ceaseless efforts to improve the teachers' working and living conditions, raise their social standing, and draw outstanding people to work as teachers. Every effort should be made to improve the teaching materials for students of minority nationalities and beef up teaching the Han language so that high school graduates of minority nationalities will basically be able to "master both the minority and Han languages." Continued efforts should be made to strengthen the study of theories on education development in minority areas, and gear up the basic education of people of minority nationalities to meet the requirement that "in 10 years, the minimum score of the minority language will be close to that of the Han language for admission of students to institutions of higher learning" as set forth by the regional party committee in 1986. In addition, we should gradually increase investment in education, further improve the mechanism of raising funds for education through various channels and from various sources, strive to raise the efficiency of use of educational funds, and incessantly improve the conditions for running schools. We should

make a real effort to improve and strengthen the ideological and political work in schools and turn schools into cradles for training new people with ideals, morality, education, and sense of discipline. Besides, we should give full play to the advantages of institutions of higher learning with regard to manpower and equipment in promoting lateral cooperation in scientific research and in developing high and new technologies.

## VI. Opening to the Outside World

We should continue to implement the principle of "opening doors on all sides, putting emphasis on the West, establishing lateral ties at home and introducing investment from abroad, cooperating with the east, and developing export to the West." We should continue to increase our consciousness of opening up and give full play to our region's geographic advantage in opening to neighboring countries. We should adjust and formulate preferential policies in favor of opening to the outside world by depending on the economic development areas along the Lanzhou-Lianyungang and Lanzhou-Urumqi railways and through the strategy of utilizing our resources. We should strive to improve our investment environment, open up the gate, and use both the international and domestic economic forces to explore markets at home and abroad. We should further expand our economic and technological exchange and cooperation with foreign countries and make further progress in developing foreign trade, utilizing foreign capital, forming lateral economic ties, and promoting the tourist industry. We should see to it that a new pattern of opening to the outside is gradually taking shape.

### 1. Foreign Trade

We should try to increase exports to earn more foreign exchange and appropriately increase imports as long as a balance is maintained in the receipts and disbursement of foreign exchange. Our total export volume should reach \$580 million by 1995 and \$850 million by 2000. We should strive to open up markets and give full play to the initiative of foreign trade departments and enterprises producing products for export in developing big-transaction trade, expanding local trade, and promoting border trade. Continued efforts should be made to consolidate and develop our markets in Hong Kong, Macao, Japan, and countries of Southeast Asia, Europe, and America, and vigorously explore new markets in the Soviet Union, West Asia, and South Asia to diversify our international markets. We should adjust the lines of export commodities, raise their quality, and improve their packages. While continuing to develop traditional exports, we should energetically develop new products for export, especially intensively and exquisitely processed products, toward the goal of diversification of exports. We should gear up the construction of production facilities for export products, build a number of new export production centers in a planned way, and emphasize supporting the production of backbone exports and the development of backbone enterprises engaged in exporting. It is necessary to continue developing labor

export and doing contract work abroad and to use this in spurring the export of related equipment and technology. We should try to send out 10,000 workers to work abroad during the Eighth Five-Year Plan. Meanwhile, we should make reasonable adjustments to our imports and improve our system of utilizing foreign exchange so as to use our limited foreign exchange for introducing advanced technology and key equipment from abroad and for importing urgently needed materials for industrial and agricultural production.

### 2. Use of Foreign Funds

We should maintain a reasonable scale and pattern of use of foreign capital in accordance with the principle of active, careful, and effective utilization. We should do our best to obtain loans from international financial institutions and bilateral government loans and use these loans mainly in building agricultural, water conservancy, energy, transportation, telecommunications, and important raw and semifinished materials projects. In the meantime, we should continue to draw foreign investment in various ways and guide such investment in line with the state's industrial policy. We should use foreign investment in developing more export-oriented and advanced-technology projects and technological transformation projects for existing enterprises. We should continue to do well in developing the "three kinds of wholly or partially foreign-owned" enterprises, protect their legal operations and legitimate rights and interests according to law, and strengthen supervision and control over them as necessary. During the Eighth Five-Year Plan, we plan to use foreign capital in the amount of \$500 million. During the Ninth Five-Year Plan, we should try to bring the figure up to \$600 million.

As for constructing foreign trading spots, we should continue to develop the four spots of Horgos, Tuerdat, Kunjirap, and Takeshiken and six new spots, including Alataw Shankou. We should see to it that goods transported through these spots will reach 2 million tonnes in 1995 and 4.1 million tonnes in 2000.

### 3. Horizontal Economic Alliance and Cooperation

In accordance with the principle of "benefitting each other, sharing risks, and promoting what is advantageous and preventing what is not," we will carry out all forms of horizontal economic alliances and cooperation projects with other parts of the country in all spheres and at all levels. Efforts will be made to bring in at least 500 million yuan from areas outside Xinjiang, accomplish at least 2,000 cooperative projects, set up five to 10 Chinese and Sino-foreign enterprises, and coproduce 100 to 150 famous goods in the next decade. The priorities of economic alliance and cooperation will be: a. Promoting agricultural cooperation. In this area, efforts will be made to bring in capital from outside Xinjiang to develop water and land resources and build bases for cotton, corn, barley and livestock production. b. Establishing stronger economic and technical cooperation with various central departments (and corporations) and

fraternal provinces and regions in the development of oil, natural gas, and nonferreous metals and other mineral resources, following the path of setting up amalgamated enterprises to produce goods for export. c. Making continuous efforts to promote cooperation in material supply in order to make up shortages of materials urgently needed in industrial and agricultural production in Xinjiang. d. Promoting economic and technical cooperation between areas enjoying relatively fast economic growth and remote areas through horizontal economic alliances, giving play to the roles played by cities and large and medium-size mainstay enterprises so that "cities will guide rural areas, large enterprises will guide small enterprises, and one large factory will guide many small factories."

#### 4. Tourism

We will fully develop and utilize Xinjiang's historical, geographical, and natural resources and ethnic customs to promote tourism with typical Xinjiang features. That will include touring the ancient silk road, studying ethnic customs, climbing mountains, and exploring desert areas. We will intensify publicity abroad so that Xinjiang will be better known within tourism circles at home and abroad and so that more foreign tourists will visit Xinjiang. According to plan, we will develop more tourist districts (spots), gradually expand and improve the six major travelling services—transportation, lodging, food, sightseeing, shopping, and recreation. Priority will be given to expanding the sightseeing facilities of the southern, central, and northern routes of the silk road, training more needed personnel, and improving the quality of reception and other services so that Xinjiang will be able to earn more foreign exchange. We expect that Xinjiang will receive 170,000 tourists and earn \$38 million in 1995 and receive 270,000 tourists and earn \$100 million in 2000.

### VII. Population and Living Standards

#### 1. Control of Population Growth

Population growth in Xinjiang will peak in the next decade. To bring about a coordinated development of material reproduction and population reproduction, we must heighten people's awareness of the population increase, firmly implement the nation's basic policy governing planned parenthood, and earnestly implement the policy of controlling the population, improving the population's quality, deferring marriage and child birth, and bearing fewer but healthier babies. We must enforce the rules for population control, attaching special importance to planned parenthood in rural and pastoral areas, especially poverty-stricken areas. We must establish a better network for promoting planned parenthood in counties, townships, and villages; intensify the training of family planning personnel; and upgrade the proficiency and services for controlling childbirths. We must protect the rights and interests of planned parenthood workers and give them the support they need to do their work in a normal fashion. To keep the population growth

in Xinjiang below 1.97 percent, we will control Xinjiang's population to within 16.9 million in 1995 and 18.6 million in 2000.

#### 2. Residents' Income and Consumption

The living standards of people of all nationalities in Xinjiang will continue to improve on the basis of its developing production. After adjusting for price increases, the net per capita income of peasants and herdsmen in Xinjiang during the next five-year period will increase by about 4 percent annually, and the average wage of workers of state-owned enterprises will increase by about 2 percent annually during the same period.

While people's incomes continue to grow, we should give them proper guidance so that the manner of their consumption and the quality of their life improves. We will make great efforts to organize the production, purchasing, and supply of consumer goods, and continue to realize the "food basket" project so that people in urban and rural areas will consume more meat, milk, eggs, vegetables, and fruits; will wear ready-made garments of better quality; and will own more television sets, refrigerators, washing machines, and other durable consuming goods. We will make positive efforts to develop tertiary industries and promote wholesome cultural and recreational activities to enrich people's material, spiritual, and cultural lives. In conjunction with housing reform, efforts will be made to speed up housing construction, improve the living conditions of people in cities and rural areas, and gradually increase their spending on housing. Efforts will be made so that, by the end of this century, the per capita floor space for urban residents will reach 9.2 square meters, and housing conditions in rural areas will also be improved substantially. We will also make efforts to improve transportation services so that transportation and telecommunications services will be more readily available.

#### 3. Employment and Labor Protection

We will continue to implement the "three-in-one combination" employment policy to solve job problems in cities and towns. We will actively develop labor intensive industries and tertiary industries to create more jobs and make great efforts to develop collective, independent, private, and other economies to consolidate and broaden job avenues. We must tighten the control of farming households from becoming nonfarming households, and assist surplus manpower in rural areas to develop water and land resources and develop the countryside into areas which are good in five respects. We must also diversify production, including processing agricultural goods and nonstaple foods and developing mineral resources so that farming households can become nonfarming households locally. According to the principle of "training first, working later," we will intensify vocational training to improve workers' competency and give them more job opportunities. It has been planned that, during the Eighth Five-Year Plan, 470,000

people will be hired in cities and towns and the jobless rate will be controlled to within 3.5 percent in 1995. Continual efforts will be made so that the jobless rate will continue to decline during the Ninth Five-Year Plan.

We must intensify labor management and protection, earnestly implement the principle of "safety first, prevention dominant," intensify the work of monitoring workers' safety and health, improve their working conditions, and make every effort to reduce accidents, casualties, and illnesses among workers. We should intensify the study of safety policies and scientific and technical measures for protecting workers, popularize the useful results, and continue to perfect the checking and monitoring measures.

#### 4. Public Health and Medical Service

Guided by the principle of "improving people's health by emphasizing prevention, counting on scientific and technological advancements, mobilizing everyone in society to participate, and giving equal importance to traditional Chinese and Western medicines," we should pay special attention to rural areas by improving their public health services, consolidating and developing their three-tier medical and public health networks, improving major medical and health services in counties and townships, and intensifying the monitoring of public health and the control of contagious, local, and occupational diseases. We must attach great importance to developing Chinese medicine and ethnic medicine, and develop and exploit herbal medicine in a rational manner. By 1995, the primary public health services in 50 percent of the counties in Xinjiang should have met the minimum standards set by the state for rural areas, clean drinking water will be available to 80 percent of people in rural areas, and major contagious diseases will have been put under control. By 2000, all counties in Xinjiang should meet the minimum health standards set by the state for rural areas, the infant mortality rate should be below 3 percent, clean drinking water should be available to all counties in Xinjiang, and contagious diseases should be under control.

We should attach importance to medical research and education, enhance medical techniques, promote medical ethics and professionalism, improve medical order and service quality, place social benefits above all else, and promote the development of medical care services in the autonomous region. We should increase the number of hospital beds and medical personnel so that the number of hospital beds will reach 68,200 by 1995 and 75,700 by the year 2000, and the number of medical personnel will reach 112,000 by 1995 and 125,000 by the year 2000.

#### VIII. Reform of the Economic System

We should work according to the demand of developing a planned socialist commodity economy, adhere to the principle of integrating a planned economy with market regulation, strive to attain the objectives of economic

development, harmonize basic economic relations, solve major economic problems, actively and properly proceed with economic restructuring, and gradually establish a new economic structure and operating mechanism which conforms with Xinjiang's salient features and is full of vitality and vigor. Our major tasks are as follows:

##### 1. Improve Ownership Structure With Public Ownership as Mainstay

We should further consolidate and develop the state economy and collective economy. While ensuring that public ownership is the main part of ownership, we should continue to develop the individual economy, private economy and other economic sectors within certain limits. We should let the non-public-owned economy play the role of a useful complement to the socialist economy, and at the same time correctly manage and guide it.

##### 2. Restructure System Governing Enterprises

We should focus our efforts on enhancing the vigor of enterprises, particularly large and medium enterprises, strive to improve their operating mechanism and external environment, and gradually build the enterprise management system, operating mechanism and self-restraint mechanism which can make most state enterprises truly operate independently and assume sole responsibility for profits and losses.

We should further implement promulgated laws, regulations and policies designed to enhance the vigor of enterprises and improve their restraint mechanism. We should seriously implement the "Enterprise Law," rationally readjust the scope of mandatory plans and improve their implementation procedures, support large and medium state enterprises with capital funds, materials and proper economic policies, and gradually create conditions under which large and medium enterprises can compete with other enterprises on an equal footing. It is prohibited to collect unauthorized fees from enterprises, and it is necessary to earnestly solve the problem of unreasonable burdens of enterprises.

We should continue to perfect the contracted managerial responsibility system among enterprises. While stabilizing the existing contract practice, we should rationally readjust base figures of contract, including the percentage of profits to be delivered to the state. The contracts should deal with more standard, comprehensive terms. It is necessary to conduct experiments according to plan in selected enterprises on the practice of "separating profit delivery from tax payment, repaying debts after paying taxes, and contracting for after-tax profits." After gaining experience in the practice, it should gradually be popularized among enterprises.

We should perfect the depreciation system and profit retention system of enterprises, reappraise the value of fixed assets according to plan, properly raise depreciation rates for certain selected trades at a gradual pace,

professions and enterprises, and explore an effective system for improving the management of state-owned property. At the same time, we should establish a system for enterprises to replenish their own circulating capital.

Great efforts should be made to promote the reorganization, association and merging of enterprises, and to optimize their organizational structure. After strengthening and improving the existing 17 enterprise groups, we should form according to plan a number of new enterprise groups which are capable of competing in the domestic market and even in the international market, and gradually turn them into economic entities. We should continue to do a good job in conducting experiments on a lease system and joint stock system in selected enterprises.

We will intensify reform of the leadership system and operating mechanism in enterprises; further develop the role of party organizations as political nuclei; continue to uphold and perfect the plant director (manager) responsibility system; strengthen enterprise management; reform the labor and personnel system, the wage system, the profit retention and distribution system, the financial and accounting system, and the auditing system within enterprises; perfect the system of democratic management enterprises by workers; and wholeheartedly rely on the working class to successfully operate enterprises.

We will actively explore new ways to arouse the enthusiasm of the central and the local authorities, speed up the exploitation of oil and gas resources, and spur local economic development. In the course of exploiting and utilizing oil and gas resources in the Tarim and Tu-Ha oil fields, we will facilitate merging central enterprises with local economies to jointly develop oil and petrochemical industries.

### 3. Develop the Socialist Market System

We will continue to perfect and develop the consumers' market, and actively foster and expand the market for the means of production. We will experiment with spot and futures markets or wholesale markets for important materials and commodities. The markets for industrial goods will concentrate in Urumqi and other major cities, while those for farm and sideline products will concentrate in the major producing areas and distribution centers. We will also experiment with small commodities wholesale markets in major commodity distributing centers throughout Xinjiang. We will gradually establish a commodity circulation network to be placed under the state's guidance and management; enabling direct links between the producers and the marketing agents, and between urban and rural areas; and will facilitate the highly efficient flow of commodities through many channels with few intermediaries. We will develop the markets for funds, technology, information, labor services, and real estates accordingly. We will break regional blockade and departmental barriers, and strive to promote the development of a unified market. We will

further intensify reform in the system of managing commerce and materials, enliven large and medium-sized enterprises engaged in commodity circulation, actively organize enterprise groups in commodity circulation, and fully develop the role of state commercial establishments, materials enterprises, and supply and marketing enterprises as the dominant channels and "reservoirs." We will step up efforts to keep markets well organized and managed, and draw up regulations accordingly so as to gradually establish the rules of the game and ensure normal order in the markets.

### 4. Reform the Price System

We will further perfect the mechanism for setting the prices, and improve the price control system. While ensuring that the general price level is strictly under control, we will take into account the financial abilities of the enterprises, the residents, and the autonomous region, actively and steadily promote price reform, and gradually straighten out problems in price relationship. The emphasis of reform is: Readjust the prices of important means of production, and gradually solve the problem of setting low prices for these things. In addition, by combining old and new tracks and narrowing price differentials, we will gradually eliminate the double-track system in the prices of the means of production; appropriately raise the purchase price of grain; gradually revert the inverted purchase and selling prices of grain; and reduce price subsidies from public finance. We will gradually liberalize and let the market regulate the prices of the ordinary processed goods whose supply and demand are more or less balanced; commodities and durable goods whose supply and demand are fairly flexible; as well as articles that are not daily necessities.

### 5. Reform the Foreign Trade System

We will establish and perfect the foreign trade system at different levels and in different forms so that foreign trade will gradually develop along the path characterized by a unified policy, fair competition, independent operations, assumption of responsibilities for profits and losses, integration of industry and trade, and combined efforts in dealing with foreign firms. We will perfect the export commodities procurement system, the self-managed export system, and the trading agent system. We will appropriately enlarge the self-decision power of large and medium-size enterprises—the close-knit production enterprise groups in particular—in conducting foreign trade. We will continue to implement and perfect the responsibility system of contracted management in foreign trade, further improve the system of using foreign exchange, and perfect the foreign exchange market.

### 6. Reform the Wage and Social Security Systems

We should reform the wage system by gradually establishing and improving the mechanisms for regulating and controlling the total amount of wages and for ensuring a normal wage growth. We should further improve the measure for linking the enterprise's total wage amount with its economic returns and gradually

introduce a distribution system to enterprises based mainly on the post wages for workers according to their skills. Party and government organizations and various institutions should also set up their own wage systems in line with their specific conditions. Moreover, the composition of income should be adjusted in such a way to restrict and reduce remuneration in kind and include part of welfare allowance in the wages. We should change disorderliness of bonuses, allowances, and nonwage incomes, strengthen wage management, and gradually put into effect a system whereby the state exercises macroregulation and control, wage management is carried out separately at various levels and according to different categories, and enterprises decide on their income distribution independently. It is imperative to establish and implement a personal income reporting system and to strictly impose a regulatory tax on the income earned by every individual.

We should continue to deepen reform of the employment system. Within the framework of the state plan, we should exercise personnel management on a contractual basis and introduce a multiform employment system for enterprises.

We should accelerate the reform of the housing system and speed up the process of commercialization of housing by raising the rent of government-owned houses and using high rent to encourage people to buy their own houses. We should arouse the enthusiasm of all concerned to speed up housing construction and establish a mechanism for raising funds for housing construction by the three sides of the state, collectives, and individuals.

Reform of the social security system should be carried out in a positive and safe way. We should emphasize reforming or establishing an old-age social insurance system and use this to spur the development of other social insurance systems, social welfare and social relief undertakings, and the work of giving special care to and settling certain individuals. Additionally, it is necessary to establish and improve the social service system. In accordance with the principle that the state, collectives, and individuals should reasonably share the burden, an old-age social insurance system should be gradually made available for various categories of staff and workers and for self-employed laborers in cities and towns. Meanwhile, we should expand the scope of unemployment insurance, improve the procedures for this insurance, and put into practice a multiphase social insurance. In addition, we should try to reform the medical insurance and workers' injury insurance systems and continue the rural cooperative medical insurance. In rural areas, we should give active guidance and carry out necessary experimental work so as to proceed step by step toward the establishment of various security systems for the elderly. Efforts should also be made to protect the legitimate rights and interests of women, children, and handicapped people.

#### 7. Reform the Financial and Banking Systems

The direction of reforming the financial and taxation system is to implement a tax revenue sharing system while reasonably dividing the spheres of authority between the regional and local governments. During the Eighth Five-Year Plan, we should gear up the restrictive force of budget. A double-entry budget system should be introduced. The regular budget and the construction budget should be listed separately. According to the state plan, we should first introduce the tax revenue sharing system on a trial basis in certain localities. In addition, we should strengthen the management of state-owned assets and, in a planned way, make an inventory of all state-owned assets in our region, assert their property rights, and gradually perfect the system of state-owned asset management to ensure that these assets are all properly recorded and their value is appreciated as appropriate.

Reform of the banking system should be focused on controlling the total amount of money in circulation, stabilizing the currency, and adjusting the composition of credit. It is necessary to further gear up macroregulating and controlling functions of the people's banks at all levels as agents of the central bank. The people's banks should step up their leadership and control over various specialized banks. As for specialized banks, their main tasks are to carry out the state industrial policies and undertake the function of economic regulation and control. They should be managed as enterprises so that they will assume risks independently and be responsible for their own profits and losses. We should separate, on a trial basis, the management of funds for use in connection with the implementation of the policies and the management of funds for commercial loans. We should also improve and make perfect the circulation fund management system. In addition, we should continue to encourage residents to deposit money as savings, increase the issuance of various kinds of bonds in a planned and step-by-step way, strictly strengthen their management, and gradually achieve the goal of pluralism of financial capital in society. We should steadily develop the financial market and improve the financial transaction system.

#### 8. Reform the Planning and Investment Systems

We should reform the planning system by shifting the focus of planning gradually to forecasting, projecting, guiding, regulating, and controlling economic activities in the whole region, correctly guiding the direction of economic operations, and ensuring an overall balance of supply and demand and rational ratios of development between main economic sectors. We should continue to improve the ways and means for managing plans, strengthen and improve the system for ensuring overall economic balance, and pay attention to achieving a balance between the supply and demand of funds, credit loans, foreign exchange, and important materials. Implementation of the state industrial policies, local policies, and other economic policies should be regarded as the main task in dealing with plans. We should gradually achieve the goal of managing, regulating, and controlling

our economic operations mainly through the implementation of economic policies and the use of various economic levers. Based on the needs and possibility of developing the economy, we should reasonably adjust the domains of mandatory planning, guidance planning, and market regulations at the appropriate time and gradually improve our policy-making system in connection with planning. We should make this policy-making system and our work of plan management more scientific and efficient.

In reforming the investment system, it is necessary to change the measures for the authority of examining and approving projects according to the production capacity and the amount of investment and, according to state industrial policy, to exercise relatively centralized management of major construction projects and projects whose development is to be controlled. As for general projects whose development is supported and encouraged, they should be managed in a decentralized way. Investors of such projects may make their own decisions on the condition that the investment scale is not extended. It is essential to conscientiously implement different economic scales and criteria prescribed by the state for different industries, to strictly collect regulatory taxes on investments, and to guide investments in the correct direction. Efforts should be made to continuously implement and improve the system of investment responsibility and the system of public bidding for construction projects. In connection with reform in finance and budget, a system should be institutionalized under which localities set aside funds for investment in fixed assets, so that there will be a reliable source of funds for such construction. Meanwhile, economic measures, such as the issue of bonds and share certificates, may be adopted to attract and raise funds for the construction of projects that are urgently needed.

#### 9. Strengthen the Economic Regulation and Control Systems

We should gradually establish and improve a macroeconomic regulation and control system which is mainly based on the state plan and the plan of the autonomous region, and which is comprehensively supported by economic, administrative and legal means. We should further straighten up the relations among planning, financial, banking, and other economic departments and give full play to the role of the planning department in striking an overall balance and effecting comprehensive economic coordination. The planning, financial, and banking departments should rationally divide their work and coordinate closely with one another in regulating the operation of the economy. Meanwhile, it is necessary to improve the work of such departments as auditing, statistics, supervision, pricing, taxation, customs, information, technical supervision, as well as industrial and commercial administration, and to adopt and improve an economic accounting system, a system for the

appraisal of economic performance, an economic supervision and management system, and methods for scientific statistics and monitoring in order to better serve the operation of the economy.

We should vigorously institutionalize a scientific decision-making system in the economic field and attach importance to the roles of policy, advisory, and research institutions. Advisory bodies should earnestly make a scientific appraisal and study the feasibility of major policy measures and important construction projects. All important targets for regional economic and social development and major projects in capital construction and technical transformation should be determined according to the examination and approval authority and to procedures prescribed by the state. It is necessary to strengthen the responsibility systems of economic decision-making and economic operation and management and to prohibit leaders from writing instructions on brief informal notes to approve projects or change targets in the state plan.

While reforming the economic structure, we should vigorously and properly reform the political structure, further reform the administrative system, straighten up relations among various functional government departments at various levels, and reform the personnel system. It is necessary to adopt effective measures to vigorously promote clean government, rectify unhealthy tendencies, simplify the administrative structure, reduce administrative levels, cut down redundant personnel, improve the style of work, and raise work efficiency.

#### IX. Economies Operated by the Xinjiang Production and Construction Corps

The production and construction corps is a social, political, economic, military and multifunctional massive socialist association where workers, peasants, traders, students, and soldiers unite in all-around development of primary, secondary, and tertiary industries. It is an important force for Xinjiang's economic development, national unity, social stability, consolidation of border defense, and safeguarding of the motherland's unification. In the coming decade and during the Eighth Five-Year Plan, we must bring into full play the corps' important role in developing Xinjiang, make great efforts to carry forward the corps' spirit, and implement the principle of taking agriculture as the foundation, developing a diversified economy, and ensuring all-around development. Under the autonomous region's unified overall arrangement, we must promote the comprehensive development of water and soil resources; strengthen agriculture, energy resources, communications, raw and processed materials, and other basic industries; actively develop light, textile and other industries; invigorate the circulation of commodities; develop education in science and technology and other social undertakings; carry out in-depth reform; open wider to the outside; and promote sustained, stable and coordinated development of the corps' economy.

—We must further increase economic power. Xinjiang's total annual production value of goods and services in 1995 will reach 4.1 billion yuan, an average annual increase by 9.6 percent in a five-year period; the figure in 2000 will reach 6.1 billion yuan, up nearly six times over 1980 and an average annual increase of 9 percent over a 10-year period; the people will live comfortable lives.

—We must make great efforts to develop agriculture and animal husbandry, bring the superior position of large-scale management into full play, and build commodity production bases for agricultural and animal products. In 1995, total agricultural production value will reach 2.6 billion yuan, an average annual increase by 4 percent in a five-year period; total grain production will reach 1.65 million tonnes; total cotton production, 225,000 tonnes; total beet production, 1.08 million tonnes; total number of livestock, 4.4 million head; and total meat production, 45,000 tonnes. In 2000, total agricultural production values will reach 3.6 billion yuan, an average annual increase by 5.3 percent in a 10-year period; total grain production will reach 1.9 million tonnes; total cotton production, 300,000 tonnes; total beet production, 1.65 million tonnes; total head of livestock, 5.2 million head; and total meat production, 55,000 tonnes. It is necessary to continue readjusting the inner structure of agriculture and speed the development of forestry and animal husbandry; draw up a rational plan for the distribution of grain, cotton, sugar-bearing crops, melon, fruit and other bases; basically complete the construction of grain, cotton, and sugar-bearing crops belts on the northern foot of the Tianshan Mountains; actively engage in construction of quality cotton, seed, fine wool, and deer antler bases and plant trees near farmland. We will spend a decade opening up 3.2 million mu of wasteland; improving 4 million mu of middle- and low-yield farmland; harnessing the Aral section of the Tarim He, the middle reaches of the Yarkant He, and other rivers; building second-stage projects at the Duolangqu Water Reservoir, the Dingshan Water Reservoir, and the Kuta Trunk Canal; building key water conservation projects, including the three major trunk canals on the southern and northern banks of the Tarim He and in the Xin Hu and the Fangcao Hu; and actively developing groundwater and irrigation systems for ditches within grasslands so as to increase water storage capacity by 736 million cubic meters.

—We must actively develop industry, readjust industrial structure, and raise the proportion of industry in the corps' land reclamation economy. In 1995, Xinjiang's total industrial production value will reach 3.9 billion yuan, an average annual increase of 9.4 percent in a five-year period; in 2000, total industrial production value will reach 6.4 billion yuan, an average annual increase of 9.9 percent in a 10-year period. In 2000, raw coal production will reach 4.5 million tonnes; generated energy, 1.2 billion kilowatt-hours; cotton

yarn, 95,000 tonnes; cloth, 200 million m; woollen goods, 6 million m; sugar, 200,000 tonnes; machine-made paper and paper board, 100,000 tonnes; cans, 100,000 tonnes; caustic soda, 50,000 tonnes; and sulfuric soda, 100,000 tonnes.

—We must continuously open wider to the outside world, and actively develop foreign trade, economic, technological exchanges, and cooperation. In 1995, Xinjiang's total export volume will reach \$89 million; in 2000, \$155 million.

#### X. Construction of the Socialist Spiritual Civilization, Socialist Democracy, and Legal System

Socialist spiritual civilization construction, guided by Marxism, is a basic task for building socialism with Chinese characteristics. In the next decade and during the Eighth Five-Year Plan, it is necessary to perform well in socialist spiritual civilization construction, as we do in economic development, to enable people of various nationalities in Xinjiang to uphold the Four Cardinal Principles and persistently take the socialist road with firm socialist conviction. People of various nationalities in Xinjiang will have a high level of patriotic spirit, conscientiously safeguard the motherland's unification, and strengthen national unity. It is necessary to considerably increase their ideological and ethical levels, as well as their cultural quality, further intensify their consciousness of reform and opening up, further strengthen their regulation-obeying and law-abiding mentality, ensure that it will become a common practice that they will cherish manual labor and respect science, and develop Xinjiang into a stronghold of socialist spiritual civilization.

##### 1. Ideological Construction

It is necessary to thoroughly study and publicize the basic theories of Marxism, Leninism, and Mao Zedong Thought, and realistically perform good work in ideological and political education. We should intensify education on patriotism, socialism, and collectivism; launch good revolutionary education on China's situation, self-reliance, and hard struggle; strengthen education on socialist social morality and professional ethics; forcefully advocate and promote the spirit of serving the people; and cultivate a new generation of people with high ideals, moral integrity, general education, and a sense of discipline.

We should further strengthen education on the party's basic line, on upholding the Four Cardinal Principles, on opposing bourgeois liberalization, and on preventing "peaceful evolution." It is necessary to thoroughly and unceasingly "clean up pornography," and resist the corrosive influence of capitalist decadent ideology and lifestyle so as to maintain a correct political direction for economic development, reform, and opening up.

It is necessary to actively promote activities involving the masses such as establishing civilized cities, civilized villages, civilized units, civilized households, families

with "five merits," "double model" counties (cities) where the nationalities as well as the army and the people are united, and model units. We should thoroughly launch activities to promote discussions on civilization, manners, hygiene, order, and morality; on beautifying the soul, language, behavior, and the environment; and on cherishing the motherland, socialism, and the party. We should continuously perform well in competitive activities in cities to promote "three excellences and one study" and "double support" activities with the participation of both the army and the people. It is necessary to thoroughly and unceasingly launch activities in learning from heroic models and advanced figures so as to further improve the environmental appearance of cities and rural areas, as well as social practices.

We should strive to strengthen the contingents of ideological theoreticians and ideological and political workers, and continually increase their political and professional quality. The broad masses of cadres, especially leading cadres at various levels, should set an example for others and lead in studying the basic theories of Marxism and Leninism, uphold dialectical materialism and historic materialism, and avoid idealism and metaphysics. In addition, they should also serve the people wholeheartedly, be concerned about the people's lives, and maintain close contacts with the masses so as to be more convincing in their political and ideological work.

## 2. Cultural Construction

Press, publication, radio, film, TV, literature and art, and other cultural undertakings should uphold the principle of serving the people and socialism and of "letting a hundred flowers blossom and letting a hundred schools of thought contend," should correctly handle the relationship between social and economic benefits, and should persist in giving top priority to social benefits. We will vigorously spread the excellent culture of the Chinese nation and invigorate creative activities in literature, film, TV, music, dance, fine arts, opera, and other areas; and we will provide a greater number of healthy spiritual products, which reflect the spirit of our times and are characteristic of Xinjiang, to people of all nationalities throughout the autonomous region. We will constantly enrich the people's cultural lives and promote social stability, prosperity, civilization, and progress. Press units will earnestly and resolutely publicize the party's line, principles, and policies and correctly exercise their journalistic functions in supervising public opinions. Publishing departments will strive to publish good reading materials. Radio and television departments will strive to expand their coverage, step up construction of radio and TV stations in remote rural and pastoral areas, increase their ability to produce programs in minority languages, enrich their programs' contents, and improve their quality. During the Eighth Five-Year Plan, we will actively adopt technical measures, including the D2-MAC system experiment, to optimize the radio and television transmission network. We will step up training of all types of artists, earnestly

conduct scientific research on culture and art, and provide scientific protection for and use the nation's cultural and artistic heritage. We will continue to protect, salvage, collate, and make use of cultural relics, as well as to compile local annals. We will actively carry out academic, cultural, and art exchanges with foreign countries and more effectively manage the cultural market.

We will step up the construction of cultural facilities and do a better job in managing libraries, cultural halls, museums, science halls, cultural stations, clubs, and all types of cultural activity centers. By exercising management at different levels and pooling funds from all sources, we will strive to basically achieve, within five years or more, a state where each county has its library and cultural hall; each township and town has its own cultural stations, and radio and TV stations; and each village has its cultural room, radio and TV room, and network and facilities for distributing and reading newspapers and journals. We will actively develop cultural activities in remote poor areas, attach importance to using and standardizing nationality languages, encourage all nationality cadres to learn each other's spoken and written languages, and step up efforts to publish and distribute books, magazines, and newspapers in nationality languages.

We will continue to develop physical culture; implement the principle of "developing physical culture and sports, and strengthening the people's constitutions"; vigorously carry out sports activities among the masses; step up the training of reserve personnel in physical culture; gradually increase the number of sports facilities; and raise the level of physical culture and sports in our region. While popularizing physical culture and sports, we will further step up the training of professional athletes, give prominence to key areas in which we have an advantage, and increase our competitiveness in sports.

## 3. Socialist Democracy and Legal System Construction

We should uphold the people's democratic dictatorship, which is under the leadership of the working class and based on the alliance of workers and peasants, constantly improve the people's congress system and multiparty cooperation and political consultation system under communist leadership, and consolidate and develop the patriotic united front. We should establish and improve procedures and systems for democratic policymaking and supervision, as well as establish a leading setup favorable to improving work efficiency and arousing the enthusiasm of all workers. We should strengthen the political power of primary units, improve the autonomous system of villagers and residents, enliven democratic life in primary units, and enhance citizens' consciousness and ability to participate in the administration of state affairs. We should further strengthen the authority of the constitution and laws in politics, economy, culture, and various aspects of social life; ensure that laws and regulations are earnestly observed and enforced, so that all illegal and criminal offenses are effectively forestalled and dealt with. The

government should improve the legal system, so that government administration will be standardized and legalized gradually. We should continue to conduct education on the legal system among citizens and heighten their understanding of laws in a socialist society. We should promote the management of various undertakings according to laws, further enhance political and legal work, strengthen functions of state organs of dictatorship, constantly improve political and legal facilities and their technical equipment, and raise the overall quality and law-enforcing ability of political and legal forces. We should resolutely expose and strike blows at international reactionary forces and ethnic separatists' acts of subversion, separation, and sabotage, prevent any contingencies when possible and handle them in a timely manner. We should mobilize and rely on the strength of all quarters of society to implement comprehensive measures to maintain public order, and to strictly crack down on serious criminal offenses and economic crimes to protect the lives and property of the people, as well as their legitimate rights and interests. We should continue our work on "eliminating the six vices," resolutely check and ban all hideous phenomena that have a detrimental effect on social ethics, and maintain good public order.

#### 4. Consolidate and Develop Political Stability and Unity

Achieving "stability and development" is an honorable historic mission entrusted to us by the party Central Committee, as well as the fundamental interest of 15 million people of various nationalities in Xinjiang. We should unremittingly conduct education on the national theory in Marxism-Leninism, the party's national policy, and national unity. We should firmly screen and criticize bad books that propagate national separatism and reverse or distort history, thoroughly eliminate the pernicious influence of such books, and constantly enhance

the consciousness of people of various nationalities of maintaining national unity and the motherland's unification. We should firmly foster the idea that the hearts of the people of all nationalities are linked, that they breathe the same air and share the same fate, that the Han nationality cannot do without ethnic minorities and vice versa, and that all nationalities cannot do without each other. We should further strengthen overall unity among all nationalities and develop a socialist national relationship of equality, mutual aid, coordination, cooperation, and common prosperity. We should publicize the party's religious policy in a comprehensive way, and protect not only citizens' freedom of religious belief but also their freedom to not choose any religious belief or participate in any religious activities, and enhance the management of religious affairs according to law. We should conduct education on defense to enhance citizens' national defense consciousness and strengthen joint defense by the army and the militia and by troops and corps to ensure the frontier defense. We should further strengthen unity between the army and the government, armymen and civilians, cadres and the masses, cadres of various nationalities, localities and corps, as well as that of local enterprises and central enterprises, constantly consolidating and developing a political situation characterized by stability and unity in the autonomous region.

Our tasks to achieve the region's economic and social development in the next decade and the period of the Eighth Five-Year Plan are very arduous. People of all nationalities in the region should be confident of success, unite as one, work together with one heart, lift their spirits, work hard for prosperity, and wage struggles to successively achieve the missions slated in Xinjiang's 10-Year Program and Eighth Five-Year Plan in accordance with the strategic arrangements of the CPC and the State Council and under the leadership of the regional party committee!

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